2021 SENATE BILL 1101

March 10, 2022 - Introduced by Senator JACQUE. Referred to Committee on Human Services, Children and Families.

1 AN ACT to amend 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and
2 71.45 (2) (a) 10.; and to create 71.07 (4p), 71.10 (4) (ft), 71.28 (4p), 71.30 (3) (dc),
3 71.47 (4p) and 71.49 (1) (dc) of the statutes; relating to: a pediatric cancer
4 research tax credit.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for contributions made by a business entity to a pediatric cancer research institution. The bill requires the institution to use the contribution exclusively and directly for pediatric cancer research and defines a “pediatric cancer research institution” as a hospital located in this state that is actively conducting pediatric cancer research, as certified by the secretary of health services.

Under the bill, the maximum amount of the credit that an entity may claim in any taxable year is $2,500,000. If the amount of the credit exceeds the entity’s tax liability, the entity does not receive a refund, but, instead, may claim the remaining, unused credit against the entity’s tax liability in subsequent years.

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. 71.05 (6) (a) 15. of the statutes is amended to read:

71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (4p), (4p), (5e), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership’s, company’s, or tax-option corporation’s income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 2. 71.07 (4p) of the statutes is created to read:

71.07 (4p) Pediatric cancer research credit. (a) Definitions. In this subsection:

1. “Claimant” means a sole proprietor, partner of a partnership, member of a limited liability company, or shareholder of a tax-option corporation who files a claim under this subsection.

2. “Pediatric cancer research institution” means a hospital located in this state that is actively conducting pediatric cancer research, as certified by the secretary of health services.

(b) Filing claims. Subject to the limitations under this subsection, for taxable years beginning after December 31, 2021, a claimant may claim as a credit against the tax imposed under s. 71.02 the amount that the claimant paid in the taxable year as a contribution to a pediatric cancer research institution.

(c) Limitations. 1. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim
and shall provide that information to each of them. Partners of partnerships, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interest or as specially allocated in their organizational documents.

2. The maximum amount that a claimant may claim under this subsection for a taxable year is $2,500,000.

3. No claimant may claim both a deduction under section 170 of the Internal Revenue Code and a credit under this subsection for the same contribution.

(d) Administration. 1. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

2. The secretary of health services, in consultation with the department of revenue, shall establish a program for certifying entities as eligible to receive contributions for purposes of the credit under this subsection. A pediatric cancer research institution that receives a contribution pursuant to this subsection shall use the contribution exclusively and directly for pediatric cancer research. A claimant shall indicate to the pediatric cancer research institution at the time of making the claimant’s contribution that the claimant intends to claim the credit under this subsection for that contribution.

SECTION 3. 71.10 (4) (ft) of the statutes is created to read:

71.10 (4) (ft) Pediatric cancer research credit under s. 71.07 (4p).

SECTION 4. 71.21 (4) (a) of the statutes is amended to read:

71.21 (4) (a) The amount of the credits computed by a partnership under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (4p), (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and passed through to partners shall be added to the partnership’s income.
SECTION 5. 71.26 (2) (a) 4. of the statutes is amended to read:

71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm), (1dx), (1dy), (3g), (3h), (3n), (3q), (3t), (3w), (3wm), (3y), (4p), (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), (9s), and (10) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership’s, limited liability company’s, or tax-option corporation’s income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 6. 71.28 (4p) of the statutes is created to read:

71.28 (4p) PEDIATRIC CANCER RESEARCH CREDIT. (a) Definitions. In this subsection:

1. “Claimant” means a sole proprietor, partner of a partnership, member of a limited liability company, or shareholder of a tax-option corporation who files a claim under this subsection.

2. “Pediatric cancer research institution” means a hospital located in this state that is actively conducting pediatric cancer research, as certified by the secretary of health services.

(b) Filing claims. Subject to the limitations under this subsection, for taxable years beginning after December 31, 2021, a claimant may claim as a credit against the tax imposed under s. 71.23 the amount that the claimant paid in the taxable year as a contribution to a pediatric cancer research institution.

(c) Limitations. 1. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b).

A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim
and shall provide that information to each of them. Partners of partnerships, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interest or as specially allocated in their organizational documents.

2. The maximum amount that a claimant may claim under this subsection for a taxable year is $2,500,000.

3. No claimant may claim both a deduction under section 170 of the Internal Revenue Code and a credit under this subsection for the same contribution.

(d) Administration. 1. Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

2. The secretary of health services, in consultation with the department of revenue, shall establish a program for certifying entities as eligible to receive contributions for purposes of the credit under this subsection. A pediatric cancer research institution that receives a contribution pursuant to this subsection shall use the contribution exclusively and directly for pediatric cancer research. A claimant shall indicate to the pediatric cancer research institution at the time of making the claimant’s contribution that the claimant intends to claim the credit under this subsection for that contribution.

SECTION 7. 71.30 (3) (dc) of the statutes is created to read:

71.30 (3) (dc) Pediatric cancer research credit under s. 71.28 (4p).

SECTION 8. 71.34 (1k) (g) of the statutes is amended to read:

71.34 (1k) (g) An addition shall be made for credits computed by a tax-option corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3q), (3t), (3w), (3wm), (3y), (4), (4p), (5), (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and passed through to shareholders.
SECTION 9. 71.45 (2) (a) 10. of the statutes is amended to read:

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3q), (3w), (3y), (4p), (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), (9s), and (10) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership’s, limited liability company’s, or tax-option corporation’s income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

SECTION 10. 71.47 (4p) of the statutes is created to read:

71.47 (4p) Pediatric cancer research credit. (a) Definitions. In this subsection:

1. “Claimant” means a sole proprietor, partner of a partnership, member of a limited liability company, or shareholder of a tax-option corporation who files a claim under this subsection.

2. “Pediatric cancer research institution” means a hospital located in this state that is actively conducting pediatric cancer research, as certified by the secretary of health services.

(b) Filing claims. Subject to the limitations under this subsection, for taxable years beginning after December 31, 2021, a claimant may claim as a credit against the tax imposed under s. 71.43 the amount that the claimant paid in the taxable year as a contribution to a pediatric cancer research institution.

(c) Limitations. 1. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute
the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners of partnerships, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interest or as specially allocated in their organizational documents.

2. The maximum amount that a claimant may claim under this subsection for a taxable year is $2,500,000.

3. No claimant may claim both a deduction under section 170 of the Internal Revenue Code and a credit under this subsection for the same contribution.

(d) Administration. 1. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

2. The secretary of health services, in consultation with the department of revenue, shall establish a program for certifying entities as eligible to receive contributions for purposes of the credit under this subsection. A pediatric cancer research institution that receives a contribution pursuant to this subsection shall use the contribution exclusively and directly for pediatric cancer research. A claimant shall indicate to the pediatric cancer research institution at the time of making the claimant’s contribution that the claimant intends to claim the credit under this subsection for that contribution.

**SECTION 11.** 71.49 (1) (dc) of the statutes is created to read:

71.49 (1) (dc) Pediatric cancer research credit under s. 71.47 (4p).