



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-0999/P3
MES:jld

DOA:.....Quinn, BB0139 - Earned Income Tax Credit (EITC) rate flattening
FOR 2017-2019 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under this bill, for taxable years beginning after 2017, an individual who is eligible to claim the federal Earned Income Tax Credit may claim as a credit against Wisconsin taxes due 11 percent of the amount that the taxpayer may claim under the federal credit if the taxpayer has one or two qualifying children who have the same principal place of abode as the taxpayer. The credit is refundable, which means that, if the amount of credit due the claimant exceeds his or her tax liability, the difference is refunded to the claimant by check. Currently, the percentage of the federal EITC that an individual may claim for Wisconsin purposes is 4 percent of the EITC if the claimant has one qualifying child with the same principal place of abode, 11 percent if the claimant has two such qualifying children, and 34 percent if the claimant has three or more such qualifying children. The bill does not change the percentage for claimants with three or more qualifying children.

For further information see the *state and local* 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. 71.07 (9e) (aj) (intro.) of the statutes is amended to read:

71.07 **(9e)** (aj) (intro.) For taxable years beginning after December 31, 2010, and before January 1, 2018, an individual may credit against the tax imposed under s. 71.02 an amount equal to one of the following percentages of the federal basic earned income credit for which the person is eligible for the taxable year under section 32 (b) (1) (A) to (C) of the Internal Revenue Code:

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

71.07 **(9e)** (ak) For taxable years beginning after December 31, 2017, an individual may credit against the tax imposed under s. 71.02 an amount equal to one of the following percentages of the federal basic earned income credit for which the person is eligible for the taxable year under section 32 (b) (1) (A) to (C) of the Internal Revenue Code:

1. If the person has one qualifying child who has, or 2 qualifying children who have, the same principal place of abode as the person, 11 percent.
2. If the person has 3 or more qualifying children who have the same principal place of abode as the person, 34 percent.

(END)