



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-0601/P1
JK:amn

DOA:.....Quinn, BB0178 - Refundable Research Credit

FOR 2021-2023 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Research credit refunds

Current law allows a person to claim an income and franchise tax credit equal to a percentage of the person's qualified research expenses that exceed 50 percent of the average qualified research expenses for the three taxable years immediately preceding the taxable year for which the person claims the credit. For example, a person may claim a credit equal to 11.5 percent of the person's excess qualified research expenses related to research related to the design and manufacturing of energy efficient lighting systems, building automation and control systems, or automotive batteries for use in hybrid-electric vehicles.

If the amount of the credit exceeds the person's tax liability, the person will receive a refund in an amount not exceeding 10 percent of the allowable claim. The taxpayer may apply any remaining unused portion of the credit to subsequent taxable years. Under this bill, if the amount of the credit exceeds the person's tax liability, the person will receive a refund in an amount not exceeding 20 percent of the allowable claim and may continue to claim the remaining unused portion in subsequent taxable 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. 71.07 (4k) (e) 2. a. of the statutes is amended to read:

71.07 (4k) (e) 2. a. The For taxable years beginning before January 1, 2021, 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). For taxable years beginning after December 31, 2020, 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 by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (d).

SECTION 2. 71.28 (4) (k) 1. of the statutes is renumbered 71.28 (4) (k) 1. a. and amended to read:

71.28 (4) (k) 1. a. The For taxable years beginning before January 1, 2021, 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).

SECTION 3. 71.28 (4) (k) 1. b. of the statutes is created to read:

71.28 (4) (k) 1. b. For taxable years beginning after December 31, 2020, 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 by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (d).

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

71.47 (4) (k) 1. a. The For taxable years beginning before January 1, 2021, 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).

SECTION 5. 71.47 (4) (k) 1. b. of the statutes is created to read:

71.47 (4) (k) 1. b. For taxable years beginning after December 31, 2020, 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 by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (d).

(END)