



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-1121/P2
JK:cdc

DOA:.....Quinn, BB0405 - Refundable Tax Credits for Pass-through Entities

FOR 2021-2023 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Pass-through entities and refundable tax credits

Current law allows businesses operating in this state to claim a number of income and franchise tax credits to promote job creation and economic development. The following credits allow a business to receive a refund if the amount of the credit exceeds its tax liability: the jobs tax credit, the business development credit, the enterprise zones jobs credit, the electronics and information technology manufacturing zone credit, and the research credit. Partnerships, limited liability companies, and tax-option corporations may not claim these credits, but, instead, the partners, members, and shareholders of the respective entities may claim the credits in proportion to their ownership interests in the entity. Generally, the entities determine the aggregate amount of the credits that the partners, members, or shareholders may claim.

This bill allows partnerships, limited liability companies, and tax-option corporations to claim the refundable tax credits, not including the electronics and information technology manufacturing zone credit and the research credit.

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 (3q) (c) 1. of the statutes is renumbered 71.07 (3q) (c) 1. a. and amended to read:

71.07 (3q) (c) 1. a. ~~Partnerships~~ Except as provided in subd. 1. b., 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, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

SECTION 2. 71.07 (3q) (c) 1. b. of the statutes is created to read:

71.07 (3q) (c) 1. b. For taxable years beginning after December 31, 2021, partnerships, limited liability companies, and tax-option corporations may elect to claim the credit under this subsection, if the credit results from a contract entered into with the Wisconsin Economic Development Corporation before December 22, 2017. A partnership, limited liability company, or tax-option corporation that wishes to make the election under this subd. 1. b. shall make the election for each taxable year on its original return and may not subsequently make or revoke the election. If a partnership, limited liability company, or tax-option corporation elects to claim the credit under this subsection, the partners, members, and shareholders

may not claim the credit under this subsection. The credit may not be claimed under this subd. 1. b. if one or more partners, members, or shareholders have claimed the credit under this subsection for the same taxable year for which the credit is claimed under this subd. 1. b.

SECTION 3. 71.07 (3w) (c) 2. of the statutes is renumbered 71.07 (3w) (c) 2. a. and amended to read:

71.07 (3w) (c) 2. a. ~~Partnerships~~ Except as provided in subd. 2. b., 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 described under pars. (b) and (bm). 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, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

SECTION 4. 71.07 (3w) (c) 2. b. of the statutes is created to read:

71.07 (3w) (c) 2. b. For taxable years beginning after December 31, 2021, partnerships, limited liability companies, and tax-option corporations may elect to claim the credit under this subsection, if the credit results from a contract entered into with the Wisconsin Economic Development Corporation before December 22, 2017. A partnership, limited liability company, or tax-option corporation that wishes to make the election under this subd. 2. b. shall make the election for each taxable year on its original return and may not subsequently make or revoke the election. If a partnership, limited liability company, or tax-option corporation elects to claim the credit under this subsection, the partners, members, and shareholders

may not claim the credit under this subsection. The credit may not be claimed under this subd. 2. b. if one or more partners, members, or shareholders have claimed the credit under this subsection for the same taxable year for which the credit is claimed under this subd. 2. b.

SECTION 5. 71.07 (3y) (c) 1. of the statutes is renumbered 71.07 (3y) (c) 1. a. and amended to read:

71.07 (3y) (c) 1. a. ~~Partnerships~~ Except as provided in subd. 1. b., 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, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

SECTION 6. 71.07 (3y) (c) 1. b. of the statutes is created to read:

71.07 (3y) (c) 1. b. For taxable years beginning after December 31, 2021, partnerships, limited liability companies, and tax-option corporations may elect to claim the credit under this subsection, if the credit results from a contract entered into with the Wisconsin Economic Development Corporation before December 22, 2017. A partnership, limited liability company, or tax-option corporation that wishes to make the election under this subd. 1. b. shall make the election for each taxable year on its original return and may not subsequently make or revoke the election. If a partnership, limited liability company, or tax-option corporation elects to claim the credit under this subsection, the partners, members, and shareholders

may not claim the credit under this subsection. The credit may not be claimed under this subd. 1. b. if one or more partners, members, or shareholders have claimed the credit under this subsection for the same taxable year for which the credit is claimed under this subd. 1. b.

SECTION 7. 71.28 (3q) (c) 1. of the statutes is renumbered 71.28 (3q) (c) 1. a. and amended to read:

71.28 (3q) (c) 1. a. ~~Partnerships~~ Except as provided in subd. 1. b., 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, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

SECTION 8. 71.28 (3q) (c) 1. b. of the statutes is created to read:

71.28 (3q) (c) 1. b. For taxable years beginning after December 31, 2021, partnerships, limited liability companies, and tax-option corporations may elect to claim the credit under this subsection, if the credit results from a contract entered into with the Wisconsin Economic Development Corporation before December 22, 2017. A partnership, limited liability company, or tax-option corporation that wishes to make the election under this subd. 1. b. shall make the election for each taxable year on its original return and may not subsequently make or revoke the election. If a partnership, limited liability company, or tax-option corporation elects to claim the credit under this subsection, the partners, members, and shareholders

may not claim the credit under this subsection. The credit may not be claimed under this subd. 1. b. if one or more partners, members, or shareholders have claimed the credit under this subsection for the same taxable year for which the credit is claimed under this subd. 1. b.

SECTION 9. 71.28 (3w) (c) 2. of the statutes is renumbered 71.28 (3w) (c) 2. a. and amended to read:

71.28 (3w) (c) 2. a. ~~Partnerships~~ Except as provided in subd. 2. b., 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 described under pars. (b) and (bm). 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, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

SECTION 10. 71.28 (3w) (c) 2. b. of the statutes is created to read:

71.28 (3w) (c) 2. b. For taxable years beginning after December 31, 2021, partnerships, limited liability companies, and tax-option corporations may elect to claim the credit under this subsection, if the credit results from a contract entered into with the Wisconsin Economic Development Corporation before December 22, 2017. A partnership, limited liability company, or tax-option corporation that wishes to make the election under this subd. 2. b. shall make the election for each taxable year on its original return and may not subsequently make or revoke the election. If a partnership, limited liability company, or tax-option corporation elects to claim the credit under this subsection, the partners, members, and shareholders

may not claim the credit under this subsection. The credit may not be claimed under this subd. 2. b. if one or more partners, members, or shareholders have claimed the credit under this subsection for the same taxable year for which the credit is claimed under this subd. 2. b.

SECTION 11. 71.28 (3y) (c) 1. of the statutes is renumbered 71.28 (3y) (c) 1. a. and amended to read:

71.28 (3y) (c) 1. a. ~~Partnerships~~ Except as provided in subd. 1. b., 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, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

SECTION 12. 71.28 (3y) (c) 1. b. of the statutes is created to read:

71.28 (3y) (c) 1. b. For taxable years beginning after December 31, 2021, partnerships, limited liability companies, and tax-option corporations may elect to claim the credit under this subsection, if the credit results from a contract entered into with the Wisconsin Economic Development Corporation before December 22, 2017. A partnership, limited liability company, or tax-option corporation that wishes to make the election under this subd. 1. b. shall make the election for each taxable year on its original return and may not subsequently make or revoke the election. If a partnership, limited liability company, or tax-option corporation elects to claim the credit under this subsection, the partners, members, and shareholders

may not claim the credit under this subsection. The credit may not be claimed under this subd. 1. b. if one or more partners, members, or shareholders have claimed the credit under this subsection for the same taxable year for which the credit is claimed under this subd. 1. b.

SECTION 13. 71.47 (3q) (c) 1. of the statutes is renumbered 71.47 (3q) (c) 1. a. and amended to read:

71.47 (3q) (c) 1. a. ~~Partnerships~~ Except as provided in subd. 1. b., 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, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

SECTION 14. 71.47 (3q) (c) 1. b. of the statutes is created to read:

71.47 (3q) (c) 1. b. For taxable years beginning after December 31, 2021, partnerships, limited liability companies, and tax-option corporations may elect to claim the credit under this subsection, if the credit results from a contract entered into with the Wisconsin Economic Development Corporation before December 22, 2017. A partnership, limited liability company, or tax-option corporation that wishes to make the election under this subd. 1. b. shall make the election for each taxable year on its original return and may not subsequently make or revoke the election. If a partnership, limited liability company, or tax-option corporation elects to claim the credit under this subsection, the partners, members, and shareholders

may not claim the credit under this subsection. The credit may not be claimed under this subd. 1. b. if one or more partners, members, or shareholders have claimed the credit under this subsection for the same taxable year for which the credit is claimed under this subd. 1. b.

SECTION 15. 71.47 (3w) (c) 2. of the statutes is renumbered 71.47 (3w) (c) 2. a. and amended to read:

71.47 (3w) (c) 2. a. ~~Partnerships~~ Except as provided in subd. 2. b., 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 described under pars. (b) and (bm). 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, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

SECTION 16. 71.47 (3w) (c) 2. b. of the statutes is created to read:

71.47 (3w) (c) 2. b. For taxable years beginning after December 31, 2021, partnerships, limited liability companies, and tax-option corporations may elect to claim the credit under this subsection, if the credit results from a contract entered into with the Wisconsin Economic Development Corporation before December 22, 2017. A partnership, limited liability company, or tax-option corporation that wishes to make the election under this subd. 2. b. shall make the election for each taxable year on its original return and may not subsequently make or revoke the election. If a partnership, limited liability company, or tax-option corporation elects to claim the credit under this subsection, the partners, members, and shareholders

may not claim the credit under this subsection. The credit may not be claimed under this subd. 2. b. if one or more partners, members, or shareholders have claimed the credit under this subsection for the same taxable year for which the credit is claimed under this subd. 2. b.

SECTION 17. 71.47 (3y) (c) 1. of the statutes is renumbered 71.47 (3y) (c) 1. a. and amended to read:

71.47 (3y) (c) 1. a. ~~Partnerships~~ Except as provided in subd. 1. b., 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, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

SECTION 18. 71.47 (3y) (c) 1. b. of the statutes is created to read:

71.47 (3y) (c) 1. b. For taxable years beginning after December 31, 2021, partnerships, limited liability companies, and tax-option corporations may elect to claim the credit under this subsection, if the credit results from a contract entered into with the Wisconsin Economic Development Corporation before December 22, 2017. A partnership, limited liability company, or tax-option corporation that wishes to make the election under this subd. 1. b. shall make the election for each taxable year on its original return and may not subsequently make or revoke the election. If a partnership, limited liability company, or tax-option corporation elects to claim the credit under this subsection, the partners, members, and shareholders

may not claim the credit under this subsection. The credit may not be claimed under this subd. 1. b. if one or more partners, members, or shareholders have claimed the credit under this subsection for the same taxable year for which the credit is claimed under this subd. 1. b.

(END)