



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-2552/1

KP:cdc

2025 SENATE BILL 204

April 16, 2025 - Introduced by Senators TESTIN and FEYEN, cosponsored by Representatives MOSES, ZIMMERMAN, BEHNKE, CALLAHAN, GOODWIN, GUNDRUM and SWEARINGEN. Referred to Committee on Agriculture and Revenue.

1 **AN ACT** *to amend* 71.05 (6) (a) 15., 71.10 (4) (i), 71.21 (4) (a), 71.21 (6) (d) 3.,
2 71.26 (2) (a) 4., 71.30 (3) (f), 71.34 (1k) (g), 71.365 (4m) (d) 2., 71.45 (2) (a) 10.
3 and 71.49 (1) (f); **to create** 20.835 (2) (de), 71.07 (12), 71.28 (12), 71.47 (12) and
4 73.03 (78) of the statutes; **relating to:** creating a video game production tax
5 credit and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a refundable video game production income and franchise tax credit. The credit is equal to the sum of the following: 1) 30 percent of the eligible wages paid by the claimant directly relating to developing, producing, or creating a video game product; and 2) 30 percent of the claimant's eligible expenditures directly relating to developing, producing, or creating a video game product. Under the bill, "video game product" means, subject to certain exceptions, an electronic game developed for commercial distribution and entertainment that involves interaction with a used interface to generate visual feedback on a video device. "Video game product" does not include social media, gambling products, or products with obscene content. The bill also defines "eligible expenditures" as expenditures directly relating to developing, producing, or creating a video game product but excludes various specified expenditures, such as payments for royalties, capital expenditures, management and administrative expenses, marketing expenses, and

SENATE BILL 204**SECTION 1**

interest. To claim the credit for a tax year, a person must file an application with the Department of Revenue and receive a certificate of eligibility for the credit. To receive a certificate, an applicant must submit an audit of its eligible expenditures to DOR. The credit under the bill is refundable, which means that if the credit exceeds the claimant's tax liability, the claimant will receive the difference as a refund check.

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. 20.835 (2) (de) of the statutes is created to read:

20.835 (2) (de) *Video game production credit.* A sum sufficient to make the payments under ss. 71.07 (12), 71.28 (12), and 71.47 (12).

SECTION 2. 71.05 (6) (a) 15. of the statutes is amended to read:

71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5i), (5j), (5k), (5r), (5rm), (6n), ~~and (10), and (12)~~ 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 3. 71.07 (12) of the statutes is created to read:

71.07 (12) VIDEO GAME PRODUCTION CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person certified under s. 73.03 (78).

2. "Eligible expenditures" means amounts paid by the claimant directly relating to qualifying activities in this state, excluding any of the following:

a. Wages.

SENATE BILL 204**SECTION 3**

1 b. Expenditures used to claim another credit under this chapter.

2 c. Amounts paid to a person certified to receive a credit under this subsection
3 or s. 71.28 (12) or 71.47 (12).

4 d. Amounts paid to persons as a result of their participation in profits from
5 video game production, such as commissions, royalties, or profit-sharing
6 agreements.

7 e. Amounts paid for capital expenditures, such as buildings and equipment.

8 f. Amounts paid to purchase a copyright, trademark, or tradename.

9 g. Amounts paid for management or other administrative activities.

10 h. Amounts paid for marketing, promotion, or distribution.

11 i. Amounts paid for food or entertainment.

12 j. Interest paid on loans or other credit arrangements.

13 3. “Eligible wages” means wages paid by the claimant directly relating to
14 qualifying activities in this state.

15 4. “Qualifying activities” means developing, producing, or creating a video
16 game product or platform.

17 5. “Video game product or platform” means an electronic game developed for
18 commercial distribution and entertainment that involves interaction with a user
19 interface to generate visual feedback on a video device. “Video game product or
20 platform” does not include any of the following:

21 a. A product or platform that contains content in violation of s. 944.21.

22 b. A product or platform designed for political, religious, or educational
23 purposes.

SENATE BILL 204**SECTION 3**

1 c. A product or platform regulated under chs. 562 to 569.

2 d. A product or platform designed to provide information about one or more
3 individuals or businesses, such as marketing and promotional websites or
4 microsites.

5 e. A product or platform designed for social media or interpersonal
6 communications, such as podcasting, interactive advertising, journalism, video
7 conferencing, wireless telecommunications, text-based channels, chat rooms, or
8 broadcast or streamed viewing enhancements.

9 f. A product or platform designed to stream linear media such as audio, video,
10 or pictures.

11 g. Small-scale electronic games embedded and used exclusively in advertising.

12 6. "Wages" means wages, as defined in s. 71.63 (6), that are subject to
13 withholding under subch. X and for which a statement under s. 71.65 (1) is
14 furnished.

15 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
16 taxable years beginning after December 31, 2024, a claimant may claim as a credit
17 against the tax imposed under s. 71.02 any of the following amounts:

18 1. An amount equal to 30 percent of the eligible wages paid by the person in
19 the taxable year.

20 2. An amount equal to 30 percent of the eligible expenditures incurred by the
21 claimant in the taxable year.

22 (c) *Limitations.* 1. No credit may be allowed under this subsection unless the
23 claimant files an application with the department, at the time and in the manner

SENATE BILL 204**SECTION 3**

1 prescribed by the department, and the department approves the application. The
2 claimant shall submit a copy of the approved application with the claimant's
3 return.

4 2. No credit may be allowed under this subsection unless the claimant retains
5 at the claimant's sole expense a certified public accountant licensed under ch. 442
6 to review and certify to the department the total eligible expenditures incurred and
7 total eligible wages paid in the taxable and to conduct the audit required under s.
8 73.03 (78) (c). No audit of a claimant required under s. 73.03 (78) (c) may be
9 performed by a certified public accountant that is part of an accounting entity that
10 is not determined by the department to be independent of the claimant, consistent
11 with s. 442.10 and as provided in the code of professional conduct of the American
12 Institute of Certified Public Accountants, or its successor organization, or as
13 otherwise determined by the department. The certified public accountant shall do
14 all of the following:

15 a. Conduct the audit required under s. 73.03 (78) (c) according to any rules
16 promulgated by the department.

17 b. Verify each reported expenditure that is included in the audit and identify
18 and exclude each expenditure that does not satisfy this subsection.

19 3. Eligible expenditures incurred and eligible wages paid by a tax-option
20 corporation, partnership, or limited liability company that is treated as a
21 partnership may be claimed as a credit under this subsection by that corporation's
22 shareholders, that partnership's partners, or that limited liability company's
23 members who are residents of this state and who otherwise qualify under this

SENATE BILL 204**SECTION 3**

1 subsection, unless the tax-option corporation, partnership, or limited liability
2 company has made an election under s. 71.21 (6) (a) or 71.365 (4m) (a).

3 4. If a tax-option corporation, partnership, or limited liability company makes
4 an election under s. 71.21 (6) (a) or 71.365 (4m) (a), that tax-option corporation,
5 partnership, or limited liability company may claim the credit under this
6 subsection.

7 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
8 credit under s. 71.28 (4), applies to the credits under this subsection.

9 2. If the allowable amount of the claim under par. (b) exceeds the tax
10 otherwise due under this chapter or no tax is due under this chapter, the amount of
11 the claim not used to offset the tax due shall be certified by the department of
12 revenue to the department of administration for payment by check, share draft, or
13 other draft drawn from the appropriation account under s. 20.835 (2) (de).
14 Notwithstanding s. 71.82 (1) (b), no interest shall be added to amounts certified
15 under this subdivision.

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

17 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
18 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
19 beyond under s. 71.613, homestead credit under subch. VIII, jobs tax credit under s.
20 71.07 (3q), business development credit under s. 71.07 (3y), research credit under s.
21 71.07 (4k) (e) 2. a., veterans and surviving spouses property tax credit under s.
22 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), electronics and
23 information technology manufacturing zone credit under s. 71.07 (3wm), earned

SENATE BILL 204**SECTION 4**

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

3 **SECTION 5.** 71.21 (4) (a) of the statutes is amended to read:

4 71.21 (4) (a) The amount of the credits computed by a partnership under s.
5 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n),
6 (5g), (5i), (5j), (5k), (5r), (5rm), (6n), ~~and (10)~~, and (12) and passed through to
7 partners shall be added to the partnership's income.

8 **SECTION 6.** 71.21 (6) (d) 3. of the statutes is amended to read:

9 71.21 (6) (d) 3. Except as provided in s. 71.07 (7) (b) 3. and (12) (c) 4., the tax
10 credits under this chapter may not be claimed by the partnership.

11 **SECTION 7.** 71.26 (2) (a) 4. of the statutes is amended to read:

12 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),
13 (1dx), (1dy), (3g), (3h), (3n), (3q), (3t), (3w), (3wm), (3y), (5g), (5i), (5j), (5k), (5r),
14 (5rm), (6n), ~~and (10)~~, and (12) and not passed through by a partnership, limited
15 liability company, or tax-option corporation that has added that amount to the
16 partnership's, limited liability company's, or tax-option corporation's income under
17 s. 71.21 (4) or 71.34 (1k) (g).

18 **SECTION 8.** 71.28 (12) of the statutes is created to read:

19 71.28 (12) VIDEO GAME PRODUCTION CREDIT. (a) *Definitions.* In this
20 subsection:

21 1. "Claimant" means a person certified under s. 73.03 (78).

22 2. "Eligible expenditures" means amounts paid by the claimant directly
23 relating to qualifying activities in this state, excluding any of the following:

24 a. Wages.

SENATE BILL 204**SECTION 8**

1 b. Expenditures used to claim another credit under this chapter.

2 c. Amounts paid to a person certified to receive a credit under this subsection
3 or s. 71.07 (12) or 71.47 (12).

4 d. Amounts paid to persons as a result of their participation in profits from
5 video game production, such as commissions, royalties, or profit-sharing
6 agreements.

7 e. Amounts paid for capital expenditures, such as buildings and equipment.

8 f. Amounts paid to purchase a copyright, trademark, or tradename.

9 g. Amounts paid for management or other administrative activities.

10 h. Amounts paid for marketing, promotion, or distribution.

11 i. Amounts paid for food or entertainment.

12 j. Interest paid on loans or other credit arrangements.

13 3. “Eligible wages” means wages paid by the claimant directly relating to
14 qualifying activities in this state.

15 4. “Qualifying activities” means developing, producing, or creating a video
16 game product or platform.

17 5. “Video game product or platform” means an electronic game developed for
18 commercial distribution and entertainment that involves interaction with a user
19 interface to generate visual feedback on a video device. “Video game product or
20 platform” does not include any of the following:

21 a. A product or platform that contains content in violation of s. 944.21.

22 b. A product or platform designed for political, religious, or educational
23 purposes.

SENATE BILL 204**SECTION 8**

1 c. A product or platform regulated under chs. 562 to 569.

2 d. A product or platform designed to provide information about one or more
3 individuals or businesses, such as marketing and promotional websites or
4 microsites.

5 e. A product or platform designed for social media or interpersonal
6 communications, such as podcasting, interactive advertising, journalism, video
7 conferencing, wireless telecommunications, text-based channels, chat rooms, or
8 broadcast or streamed viewing enhancements.

9 f. A product or platform designed to stream linear media such as audio, video,
10 or pictures.

11 g. Small-scale electronic games embedded and used exclusively in advertising.

12 6. "Wages" means wages, as defined in s. 71.63 (6), that are subject to
13 withholding under subch. X and for which a statement under s. 71.65 (1) is
14 furnished.

15 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
16 taxable years beginning after December 31, 2024, a claimant may claim as a credit
17 against the tax imposed under s. 71.23 any of the following amounts:

18 1. An amount equal to 30 percent of the eligible wages paid by the person in
19 the taxable year.

20 2. An amount equal to 30 percent of the eligible expenditures incurred by the
21 claimant in the taxable year.

22 (c) *Limitations.* 1. No credit may be allowed under this subsection unless the
23 claimant files an application with the department, at the time and in the manner

SENATE BILL 204**SECTION 8**

1 prescribed by the department, and the department approves the application. The
2 claimant shall submit a copy of the approved application with the claimant's
3 return.

4 2. No credit may be allowed under this subsection unless the claimant retains
5 at the claimant's sole expense a certified public accountant licensed under ch. 442
6 to review and certify to the department the total eligible expenditures incurred and
7 total eligible wages paid in the taxable and to conduct the audit required under s.
8 73.03 (78) (c). No audit of a claimant required under s. 73.03 (78) (c) may be
9 performed by a certified public accountant that is part of an accounting entity that
10 is not determined by the department to be independent of the claimant, consistent
11 with s. 442.10 and as provided in the code of professional conduct of the American
12 Institute of Certified Public Accountants, or its successor organization, or as
13 otherwise determined by the department. The certified public accountant shall do
14 all of the following:

15 a. Conduct the audit required under s. 73.03 (78) (c) according to any rules
16 promulgated by the department.

17 b. Verify each reported expenditure that is included in the audit and identify
18 and exclude each expenditure that does not satisfy this subsection.

19 (d) *Administration.* 1. Subsection (4) (e), (g), and (h), as it applies to the credit
20 under sub. (4), applies to the credits under this subsection.

21 2. If the allowable amount of the claim under par. (b) exceeds the tax
22 otherwise due under this chapter or no tax is due under this chapter, the amount of
23 the claim not used to offset the tax due shall be certified by the department of

SENATE BILL 204**SECTION 8**

1 revenue to the department of administration for payment by check, share draft, or
2 other draft drawn from the appropriation account under s. 20.835 (2) (de).
3 Notwithstanding s. 71.82 (1) (b), no interest shall be added to amounts certified
4 under this subdivision.

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

6 71.30 (3) (f) The total of farmland preservation credit under subch. IX, jobs
7 credit under s. 71.28 (3q), enterprise zone jobs credit under s. 71.28 (3w), electronics
8 and information technology manufacturing zone credit under s. 71.28 (3wm),
9 business development credit under s. 71.28 (3y), research credit under s. 71.28 (4)
10 (k) 1., video game production credit under s. 71.28 (12), and estimated tax
11 payments under s. 71.29.

12 **SECTION 10.** 71.34 (1k) (g) of the statutes is amended to read:

13 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
14 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3q), (3t), (3w),
15 (3wm), (3y), (4), (5), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), ~~and (10)~~, and (12) and
16 passed through to shareholders.

17 **SECTION 11.** 71.365 (4m) (d) 2. of the statutes is amended to read:

18 71.365 (4m) (d) 2. Except as provided in s. 71.07 (7) (b) 3. and (12) (c) 4., the
19 tax credits under this chapter may not be claimed by the tax-option corporation.

20 **SECTION 12.** 71.45 (2) (a) 10. of the statutes is amended to read:

21 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
22 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3q), (3w), (3y), (5g), (5i),
23 (5j), (5k), (5r), (5rm), (6n), ~~and (10)~~, and (12) and not passed through by a
24 partnership, limited liability company, or tax-option corporation that has added

SENATE BILL 204**SECTION 12**

1 that amount to the partnership's, limited liability company's, or tax-option
2 corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit
3 computed under s. 71.47 (3), (3t), (4), (4m), and (5).

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

5 71.47 (12) VIDEO GAME PRODUCTION CREDIT. (a) *Definitions.* In this
6 subsection:

7 1. "Claimant" means a person certified under s. 73.03 (78).

8 2. "Eligible expenditures" means amounts paid by the claimant directly
9 relating to qualifying activities in this state, excluding any of the following:

10 a. Wages.

11 b. Expenditures used to claim another credit under this chapter.

12 c. Amounts paid to a person certified to receive a credit under this subsection
13 or s. 71.07 (12) or 71.28 (12).

14 d. Amounts paid to persons as a result of their participation in profits from
15 video game production, such as commissions, royalties, or profit-sharing
16 agreements.

17 e. Amounts paid for capital expenditures, such as buildings and equipment.

18 f. Amounts paid to purchase a copyright, trademark, or tradename.

19 g. Amounts paid for management or other administrative activities.

20 h. Amounts paid for marketing, promotion, or distribution.

21 i. Amounts paid for food or entertainment.

22 j. Interest paid on loans or other credit arrangements.

SENATE BILL 204**SECTION 13**

1 3. “Eligible wages” means wages paid by the claimant directly relating to
2 qualifying activities in this state.

3 4. “Qualifying activities” means developing, producing, or creating a video
4 game product or platform.

5 5. “Video game product or platform” means an electronic game developed for
6 commercial distribution and entertainment that involves interaction with a user
7 interface to generate visual feedback on a video device. “Video game product or
8 platform” does not include any of the following:

9 a. A product or platform that contains content in violation of s. 944.21.

10 b. A product or platform designed for political, religious, or educational
11 purposes.

12 c. A product or platform regulated under chs. 562 to 569.

13 d. A product or platform designed to provide information about one or more
14 individuals or businesses, such as marketing and promotional websites or
15 microsites.

16 e. A product or platform designed for social media or interpersonal
17 communications, such as podcasting, interactive advertising, journalism, video
18 conferencing, wireless telecommunications, text-based channels, chat rooms, or
19 broadcast or streamed viewing enhancements.

20 f. A product or platform designed to stream linear media such as audio, video,
21 or pictures.

22 g. Small-scale electronic games embedded and used exclusively in advertising.

23 6. “Wages” means wages, as defined in s. 71.63 (6), that are subject to

SENATE BILL 204**SECTION 13**

1 withholding under subch. X and for which a statement under s. 71.65 (1) is
2 furnished.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
4 taxable years beginning after December 31, 2024, a claimant may claim as a credit
5 against the tax imposed under s. 71.43 any of the following amounts:

6 1. An amount equal to 30 percent of the eligible wages paid by the person in
7 the taxable year.

8 2. An amount equal to 30 percent of the eligible expenditures incurred by the
9 claimant in the taxable year.

10 (c) *Limitations.* 1. No credit may be allowed under this subsection unless the
11 claimant files an application with the department, at the time and in the manner
12 prescribed by the department, and the department approves the application. The
13 claimant shall submit a copy of the approved application with the claimant's
14 return.

15 2. No credit may be allowed under this subsection unless the claimant retains
16 at the claimant's sole expense a certified public accountant licensed under ch. 442
17 to review and certify to the department the total eligible expenditures incurred and
18 total eligible wages paid in the taxable and to conduct the audit required under s.
19 73.03 (78) (c). No audit of a claimant required under s. 73.03 (78) (c) may be
20 performed by a certified public accountant that is part of an accounting entity that
21 is not determined by the department to be independent of the claimant, consistent
22 with s. 442.10 and as provided in the code of professional conduct of the American
23 Institute of Certified Public Accountants, or its successor organization, or as

SENATE BILL 204**SECTION 13**

1 otherwise determined by the department. The certified public accountant shall do
2 all of the following:

3 a. Conduct the audit required under s. 73.03 (78) (c) according to any rules
4 promulgated by the department.

5 b. Verify each reported expenditure that is included in the audit and identify
6 and exclude each expenditure that does not satisfy this subsection.

7 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
8 credit under s. 71.28 (4), applies to the credits under this subsection.

9 2. If the allowable amount of the claim under par. (b) exceeds the tax
10 otherwise due under this chapter or no tax is due under this chapter, the amount of
11 the claim not used to offset the tax due shall be certified by the department of
12 revenue to the department of administration for payment by check, share draft, or
13 other draft drawn from the appropriation account under s. 20.835 (2) (de).
14 Notwithstanding s. 71.82 (1) (b), no interest shall be added to amounts certified
15 under this subdivision.

16 **SECTION 14.** 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, jobs
18 credit under s. 71.47 (3q), enterprise zone jobs credit under s. 71.47 (3w), business
19 development credit under s. 71.47 (3y), research credit under s. 71.47 (4) (k) 1.,
20 video game production credit under s. 71.47 (12), and estimated tax payments
21 under s. 71.48.

22 **SECTION 15.** 73.03 (78) of the statutes is created to read:

23 73.03 (78) To implement a program to approve applications for a certificate

SENATE BILL 204**SECTION 15**

1 for purposes of ss. 71.07 (12), 71.28 (12), and 71.47 (12). Application shall be made
2 to the department in each taxable year for which a certificate is desired. The
3 department may not approve an application unless all of the following apply:

4 (a) The applicant operates a business in this state and maintains a physical
5 business location in this state.

6 (b) The applicant owns a copyright in a video game production or platform, as
7 defined in s. 71.07 (12) (a) 5., or is actively seeking a copyright in a video game
8 production or platform.

9 (c) The applicant provides verification of eligible expenditures incurred and
10 eligible wages paid to claim the credit under s. 71.07 (12), 71.28 (12), or 71.47 (12)
11 and submits an audit of such eligible expenditures and eligible wages.

12 (d) The applicant certifies that the applicant will comply with the
13 requirements under s. 71.07 (12), 71.28 (12), or 71.47 (12).

14 (END)