



Legislative Fiscal Bureau

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2017

Joint Committee on Finance

Paper #299

Eliminate Interest Paid on Refundable Credits Administered by WEDC (General Fund Taxes -- Income and Franchise Taxes)

[LFB 2017-19 Budget Summary: Page 185, #22]

CURRENT LAW

The Wisconsin Economic Development Corporation (WEDC) enters into contracts to certify businesses as eligible to receive refundable tax credits under the enterprise zone and business development tax credit programs for completing certain job creation, job retention, or capital investment activities. In addition, WEDC has entered into contracts through tax year 2023 to certify businesses as eligible to receive refundable tax credits under the jobs tax credit program, which sunset after 2015, for eligible wages paid and/or training costs incurred by businesses. Credit claims are filed with the Department of Revenue (DOR).

GOVERNOR

Prohibit DOR from paying interest on jobs, business development, and enterprise zone refundable tax credit claims. Specify that this provision first applies to taxable years beginning on January 1, 2017. The administration estimates that this provision would increase state tax revenues by \$500,000 annually, beginning in 2017-18.

MODIFICATION

Delete the initial applicability date for this provision. Instead, specify that the provision first applies to refunds issued on the effective date of the bill.

Explanation: On March 31, 2017, the Department of Administration (DOA) submitted a letter requesting a number of modifications to the Governor's budget bill. DOA indicates that this modification would more accurately reflect the Governor's intent.

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