



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

June, 2019

Joint Committee on Finance

Paper #328

Business Development Tax Credit Sum Sufficient Reestimate (General Fund Taxes -- Income and Franchise Taxes)

[LFB 2019-21 Budget Summary: Page 146, #25]

CURRENT LAW

The refundable business development tax credit can be claimed against the individual income tax and the corporate income/franchise tax equal to a portion of eligible expenses for increased employment, retaining employees, employee training, capital investment, and corporate headquarters location or retention in Wisconsin. The Wisconsin Economic Development Corporation (WEDC) is responsible for certifying businesses as eligible to receive credits, verifying eligible activities to claim credits from the Department of Revenue (DOR), and performing other general administrative activities related to the business development tax credit program. It is estimated that expenditures related to tax credit claims in 2018-19 will be \$13,400,000.

GOVERNOR

The bill would increase funding by \$2,000,000 in 2019-20 and by \$2,300,000 in 2020-21 for the sum sufficient GPR appropriation for business development tax credits to reestimate anticipated claims during the biennium. With the adjustments, estimated total funding would increase from base funding of \$16,100,000 to \$18,100,000 in 2019-20 and to \$18,400,000 in 2020-21.

MODIFICATION

Increase funding for the business development credit appropriation by \$600,000 in 2019-20 and \$1,700,000 in 2020-21. With the adjustments, estimated total funding would increase from base funding of \$16,100,000 to \$18,700,000 in 2019-20 and to \$20,100,000 in 2020-21.

Explanation: The reestimate is based on more recent information from WEDC regarding awards, allocations, and verifications to-date of business development tax credits and more recent information on claims of such tax credits with DOR. This modification would more accurately reflect the amount of business development tax credits estimated to be claimed for the 2019-21 biennium.

	Base	Change to Bill
GPR	\$6,600,000	\$2,300,000

Prepared by: John D. Gentry