



State of Wisconsin  
2025 - 2026 LEGISLATURE

LRB-1197/P2

KP:klm

DOA:.....Quinn, BB0234 - Refundable research credit nuclear power research

**FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION**

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

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*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

***Eligibility of nuclear power research for the research credit***

Under the bill, beginning in the 2025 tax year, qualified research expenses incurred for research related to nuclear power are eligible for the research income tax credit. Under current law, the research credit is an income and franchise tax credit equal to a specified 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. Current law allows a person to receive a refund in an amount not exceeding 25 percent of their allowable claim for the research credit.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

**SECTION 1.** 71.07 (4k) (b) 4. a. of the statutes is amended to read:

71.07 (**4k**) (b) 4. a. Except as provided in subds. 5. ~~and~~, 6., and 7., for taxable years beginning after December 31, 2014, an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company may claim a credit against the tax imposed under s. 71.02, as allocated under par. (d), an amount equal to 5.75 percent of the amount by which the individual's, partnership's, tax-option corporation's, or limited liability company's

**BILL****SECTION 1**

qualified research expenses for the taxable year exceed 50 percent of the average qualified research expenses for the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit. If the individual, partnership, tax-option corporation, or limited liability company had no qualified research expenses in any of the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit, the claimant may claim an amount equal to 2.875 percent of the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses for the taxable year for which the claimant claims the credit.

**SECTION 2.** 71.07 (4k) (b) 7. of the statutes is created to read:

71.07 (4k) (b) 7. a. For taxable years beginning after December 31, 2024, an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company may claim a credit against the tax imposed under s. 71.02, as allocated under par. (d), an amount equal to 11.5 percent of the amount by which the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses for the taxable year exceed 50 percent of the average qualified research expenses for the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit. If the individual, partnership, tax-option corporation, or limited liability company had no qualified research expenses in any of the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit, the claimant may claim an amount equal to 5.75 percent of the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses for the taxable year for which the claimant claims the credit.

**BILL****SECTION 2**

b. For purposes of subd. 7. a., “qualified research expenses” means qualified research expenses as defined in section 41 of the Internal Revenue Code, except that “qualified research expenses” includes only expenses incurred by the individual, partnership, tax-option corporation, or limited liability company for research related to nuclear power, incurred for research conducted in this state, for the taxable year and does not include compensation used in computing the credit under sub. (2dx). Section 41 (f) (1), (2), (5), and (6) and (h) of the Internal Revenue Code does not apply to the credit under this subdivision.

**SECTION 3.** 71.07 (4k) (e) 2. (intro.) of the statutes is amended to read:

71.07 (~~4k~~) (e) 2. (intro.) For taxable years beginning after December 31, 2017, s. 71.28 (4) (b) to (e), (g), and (h), as it applies to the credit under s. 71.28 (4), applies to the credits under this subsection. For taxable years beginning after December 31, 2017, if the allowable amount of the claim under par. (b) 4., 5., ~~or 6.~~, or 7. exceeds the tax otherwise due under s. 71.02 or 71.08, all of the following apply:

**SECTION 4.** 71.07 (4k) (e) 2. ad. of the statutes is amended to read:

71.07 (~~4k~~) (e) 2. ad. For taxable years beginning after December 31, 2023, the amount of the claim not used to offset the tax due, not to exceed 25 percent of the allowable amount of the claim under par. (b) 4., 5., ~~or 6.~~, or 7., 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.** 71.28 (4) (ad) 4. a. of the statutes is amended to read:

71.28 (~~4~~) (ad) 4. a. Except as provided in subds. 5. ~~and~~, and 7. for taxable years beginning after December 31, 2014, a corporation may claim a credit against

**BILL****SECTION 5**

the tax imposed under s. 71.23, as allocated under par. (d), an amount equal to 5.75 percent of the amount by which the corporation's qualified research expenses for the taxable year exceed 50 percent of the average qualified research expenses for the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit. If the corporation had no qualified research expenses in any of the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit, the claimant may claim an amount equal to 2.875 percent of the corporation's qualified research expenses for the taxable year for which the claimant claims the credit.

**SECTION 6.** 71.28 (4) (ad) 7. of the statutes is created to read:

71.28 (4) (ad) 7. a. For taxable years beginning after December 31, 2024, an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company may claim a credit against the tax imposed under s. 71.23, as allocated under par. (d), an amount equal to 11.5 percent of the amount by which the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses for the taxable year exceed 50 percent of the average qualified research expenses for the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit. If the individual, partnership, tax-option corporation, or limited liability company had no qualified research expenses in any of the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit, the claimant may claim an amount equal to 5.75 percent of the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses for the taxable year for which the claimant claims the credit.

**BILL****SECTION 6**

b. For purposes of subd. 7. a., “qualified research expenses” means qualified research expenses as defined in section 41 of the Internal Revenue Code, except that “qualified research expenses” includes only expenses incurred by the individual, partnership, tax-option corporation, or limited liability company for research related to nuclear power, incurred for research conducted in this state, for the taxable year and does not include compensation used in computing the credit under sub. (1dx). Section 41 (f) (1), (2), (5), and (6) and (h) of the Internal Revenue Code does not apply to the credit under this subdivision.

**SECTION 7.** 71.28 (4) (k) (intro.) of the statutes is amended to read:

71.28 (4) (k) *Refunds.* (intro.) Notwithstanding par. (f), for taxable years beginning after December 31, 2017, if the allowable amount of the claim under par. (ad) 4., 5., ~~or 6.,~~ or 7. exceeds the tax otherwise due under s. 71.23, all of the following apply:

**SECTION 8.** 71.28 (4) (k) 1. c. of the statutes is amended to read:

71.28 (4) (k) 1. c. For taxable years beginning after December 31, 2023, the amount of the claim not used to offset the tax due, not to exceed 25 percent of the allowable amount of the claim under par. (ad) 4., 5., ~~or 6.,~~ or 7., 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 9.** 71.47 (4) (ad) 4. a. of the statutes is amended to read:

71.47 (4) (ad) 4. a. Except as provided in subds. 5. ~~and~~ 6., and 7., for taxable years beginning after December 31, 2014, a corporation may claim a credit against the tax imposed under s. 71.43, as allocated under par. (d), an amount equal to 5.75

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percent of the amount by which the corporation's qualified research expenses for the taxable year exceed 50 percent of the average qualified research expenses for the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit. If the corporation had no qualified research expenses in any of the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit, the claimant may claim an amount equal to 2.875 percent of the corporation's qualified research expenses for the taxable year for which the claimant claims the credit.

**SECTION 10.** 71.47 (4) (ad) 7. of the statutes is created to read:

71.47 (4) (ad) 7. a. For taxable years beginning after December 31, 2024, an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company may claim a credit against the tax imposed under s. 71.43, as allocated under par. (d), an amount equal to 11.5 percent of the amount by which the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses for the taxable year exceed 50 percent of the average qualified research expenses for the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit. If the individual, partnership, tax-option corporation, or limited liability company had no qualified research expenses in any of the 3 taxable years immediately preceding the taxable year for which the claimant claims the credit, the claimant may claim an amount equal to 5.75 percent of the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses for the taxable year for which the claimant claims the credit.

b. For purposes of subd. 7. a., "qualified research expenses" means qualified

**BILL****SECTION 10**

research expenses as defined in section 41 of the Internal Revenue Code, except that “qualified research expenses” includes only expenses incurred by the individual, partnership, tax-option corporation, or limited liability company for research related to nuclear power, incurred for research conducted in this state, for the taxable year and does not include compensation used in computing the credit under sub. (1dx). Section 41 (f) (1), (2), (5), and (6) and (h) of the Internal Revenue Code does not apply to the credit under this subdivision.

**SECTION 11.** 71.47 (4) (k) (intro.) of the statutes is amended to read:

71.47 (4) (k) *Refunds.* (intro.) Notwithstanding par. (f), for taxable years beginning after December 31, 2017, if the allowable amount of the claim under par. (ad) 4., 5., ~~or 6.,~~ or 7. exceeds the tax otherwise due under s. 71.43, all of the following apply:

**SECTION 12.** 71.47 (4) (k) 1. c. of the statutes is amended to read:

71.47 (4) (k) 1. c. For taxable years beginning after December 31, 2023, the amount of the claim not used to offset the tax due, not to exceed 25 percent of the allowable amount of the claim under par. (ad) 4., 5., ~~or 6.,~~ or 7., 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)**