



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

LRB
COPY

December 15, 2004

MEMORANDUM

To: Representative Wieckert

From: Joseph T. Kreye, Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2005 Un-Introduced** (LRB 05-0904/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

December 9, 2004

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on LRB 904/1: Extending Tax Credit Carryover Provisions for Income and Franchise Tax Purposes

The extended carryover provisions apply to the community development finance authority credit under sec. 71.02 (2). Individuals have not been able to claim the credit since 1986 and the carryforward could not be used after 2000. To avoid the impression that this credit could continue to be claimed, or that returns could be amended to reflect the credit, the Department recommends that the carryover extension not apply to the community development finance authority credit.

The Department has some concerns regarding the initial applicability language.

- The draft first applies to corporations and insurance companies for credits computed for taxable years beginning on January 1, 1988, and applies for individuals, tax-option corporations, partnerships and limited liability companies beginning in 1998. There does not appear to be a reason for a different effective date for individuals, tax-option corporations, partnerships and limited liability companies.
- Unused credits first computed in 1988 have already expired. The bill could be read to retroactively give new life to those expired credits.
- Numerous tax credits did not exist in 1988. Unless the initial applicability language is clarified or separate language is provided for each credit, there could be attempts to claim the credits for years prior to the enactment of those credits.

The Department suggests the following initial applicability language:

This act first applies to credits computed for taxable years beginning on January 1, 1989, or credits computed for the first taxable year for which credits are allowable, whichever is later.

If you have questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.

Barman, Mike

From: Barman, Mike
Sent: Wednesday, December 15, 2004 10:56 AM
To: Rep.Wieckert
Cc: Becher, Scott
Subject: LRB 05-0904/1 (FE & Tech. Memo by DOR - attached - for your review)



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