

**2009 DRAFTING REQUEST**

**Assembly Amendment (AA-SB62)**

Received: 02/18/2009

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Rich Zipperer (608) 266-5120

By/Representing: chris

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: YES

Requester's email: Rep.Zipperer@legis.wisconsin.gov

Carbon copy (CC:) to: joseph.kreye@legis.wisconsin.gov

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Super research and development credit

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**Instructions:**

See attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 02/18/2009	nmatzke 02/18/2009		_____			
/1			rschlue 02/18/2009	_____	cduerst 02/18/2009	cduerst 02/18/2009	

FE Sent For:

<END>

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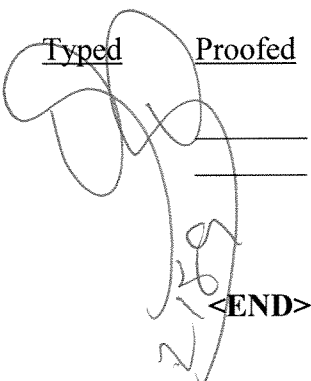
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FE Sent For:

<END>

<sup>2009</sup>  
~~2007~~

Date (time)  
needed

now

LRB b 0098, 1

# BUDGET AMENDMENT

VL: \_\_\_\_\_

See form **AMENDMENTS — COMPONENTS & ITEMS.**

A S AMENDMENT  
TO 2007 SB 4062  
2009

At the locations indicated, amend the bill as follows:

✓ #. Page 56, line 24: after that line insert: (A)

✓ #. Page 81, line 5: after that line insert: (B)

✓ #. Page 81, line 25: after that line insert: (C)

✓ #. Page 92, line 13: after that line insert: (D)

#. Page 94, line 17: after that line insert: (E)

#. Page 96, line 23: after that line insert: (F)

< 1 >

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

60098/1

✓ #. page 99, line 7: after "(4)", insert "(4m), ~~5~~

✓ #. page 110, line 11: after that line insert: (G)

✓ #. page 111, line 5: after that line insert: (H)

<end>

[2]

DOA:.....Weidner, BB0412 - Research and development tax credit  
FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

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

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***Analysis by the Legislative Reference Bureau***

Under current law, a corporation may claim an income and franchise tax credit in an amount equal to 5 percent of its qualified research expenses, as defined by the Internal Revenue Code, for research conducted in this state. In addition, a corporation may claim an income and franchise tax credit equal to 5 percent of the amount that it paid in the taxable year to construct and equip new facilities or expand existing facilities used in this state for qualified research, as defined by the Internal Revenue Code.

Under this bill, a corporation may also claim an income and franchise tax credit equal to the amount of its qualified research expenses in the taxable year for research conducted in this state that exceeds the amount equal to the average amount of the corporation's qualified research expenses in the previous three taxable years multiplied by 1.25. If the credit claimed by a corporation exceeds the corporation's tax liability, the state will not issue a refund, but the corporation may carry forward any remaining credit to five subsequent taxable years.

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:***

A

114d

1 SECTION 1 71.21 (3) of the statutes is amended to read:

2 71.21 (3) The credits under s. 71.28 (4), (4m), and (5) may not be claimed by a  
3 partnership or by partners, including partners of a publicly traded partnership.

B

131d

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

5 71.26 (2) (a) 2. Plus the amount of credit computed under s. 71.28 (1), (3), (4),  
6 (4m), and (5).

C

134d

7 SECTION 3 71.26 (3) (n) of the statutes is amended to read:

8 71.26 (3) (n) Sections 381, 382 and 383 (relating to carry-overs in certain  
9 corporate acquisitions) are modified so that they apply to losses under sub. (4) and  
10 credits under s. 71.28 (1di), (1dL), (1dm), (1dx), (3), (4), (4m), and (5) instead of to  
11 federal credits and federal net operating losses.

151d

12 SECTION 4 71.28 (4m) of the statutes is created to read:

13 71.28 (4m) SUPER RESEARCH AND DEVELOPMENT CREDIT. (a) *Definition.* In this  
14 subsection, "qualified research expenses" means qualified research expenses as  
15 defined in section 41 of the Internal Revenue Code, except that "qualified research  
16 expenses" includes only expenses incurred by the claimant for research conducted  
17 in this state for the taxable year and except that "qualified research expenses" do not  
18 include compensation used in computing the credits under subs. (1dj) and (1dx).

19 (b) *Credit.* Subject to the limitations provided under this subsection, for  
20 taxable years beginning on or after January 1, 2011, a corporation may claim as a  
21 credit against the tax imposed under s. 71.23, up to the amount of those taxes, an  
22 amount equal to the amount of qualified research expenses paid or incurred by the  
23 corporation in the taxable year that exceeds the amount calculated as follows:

July 1, 2009

D

D

1 Determine the average amount of the qualified research expenses paid or  
2 incurred by the corporation in the 3 taxable years immediately preceding the taxable  
3 year for which a credit is claimed under this subsection.

4 2. Multiply the amount determined under subd. 1. by 1.25.

5 (c) *Limitations.* Subsection (4) (b) to (d) and (i), as it applies to the credit under  
6 sub. (4), applies to the credit under this subsection.

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

9 2. If a credit computed under this subsection is not entirely offset against  
10 Wisconsin income or franchise taxes otherwise due, the unused balance may be  
11 carried forward and credited against Wisconsin income or franchise taxes otherwise  
12 due for the following 5 taxable years to the extent not offset by these taxes otherwise  
13 due in all intervening years between the year in which the expense was incurred and  
14 the year in which the carry-forward credit is claimed. //

end of D

E

15 SECTION 5. 71.30 (3) (db) of the statutes is created to read:

16 71.30 (3) (db) Super research and development credit under s. 71.28 (4m). //

17 SECTION 6. 71.365 (3) of the statutes is amended to read:

18 71.365 (3) CREDITS NOT ALLOWED. The credits under s. 71.28 (4), (4m), and (5)  
19 may not be claimed by a tax-option corporation or shareholders of a tax-option  
20 corporation. //

F

21 SECTION 7. 71.47 (4m) of the statutes is created to read:

22 71.47 (4m) SUPER RESEARCH AND DEVELOPMENT CREDIT. (a) *Definition.* In this  
23 subsection, "qualified research expenses" means qualified research expenses as  
24 defined in section 41 of the Internal Revenue Code, except that "qualified research  
25 expenses" includes only expenses incurred by the claimant for research conducted

G



July 1, 2009

1 in this state for the taxable year and except that "qualified research expenses" do not  
2 include compensation used in computing the credits under subs. (1dj) and (1dx).

3 (b) *Credit.* Subject to the limitations provided under this subsection, for  
4 taxable years beginning on or after ~~January 1, 2011~~<sup>2</sup>, a corporation may claim as a  
5 credit against the tax imposed under s. 71.43, up to the amount of those taxes, an  
6 amount equal to the amount of qualified research expenses paid or incurred by the  
7 corporation in the taxable year that exceeds the amount calculated as follows:

8 1. Determine the average amount of the qualified research expenses paid or  
9 incurred by the corporation in the 3 taxable years immediately preceding the taxable  
10 year for which a credit is claimed under this subsection.

11 2. Multiply the amount determined under subd. 1. by 1.25.

12 (c) *Limitations.* Section 71.28 (4) (b) to (d) and (i), as it applies to the credit  
13 under s. 71.28 (4), applies to the credit under this subsection.

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

16 2. If a credit computed under this subsection is not entirely offset against  
17 Wisconsin income or franchise taxes otherwise due, the unused balance may be  
18 carried forward and credited against Wisconsin income or franchise taxes otherwise  
19 due for the following 5 taxable years to the extent not offset by these taxes otherwise  
20 due in all intervening years between the year in which the expense was incurred and  
21 the year in which the carry-forward credit is claimed.

22 ~~SECTION 8~~ 71.49 (1) (db) of the statutes is created to read:

23 71.49 (1) (db) Super research and development credit under s. 71.47 (4m).  
24

(END)

H