



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2007 Assembly Bill 770

**Assembly
Amendment 1**

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Under **current law**, a corporation may claim an income and franchise tax credit in an amount equal to 5% of its “qualified research expenses.” In addition, a corporation may claim an income and franchise tax credit equal to 5% of the amount that it paid in the taxable year to construct and equip new facilities or expand existing facilities used in Wisconsin for qualified research.

Under **Assembly Bill 770**, a corporation may also claim a “super research credit” equal to the amount by which its qualified research expenses in the taxable year exceeds the taxpayer’s average research expenses in the previous three years, multiplied by 1.25. The credit may be claimed against no more than 50% of the claimant’s tax liability.

If the credit claimed by a corporation is not entirely offset against taxes otherwise due, the unused balance may be carried forward and credited against taxes otherwise due for the following five taxable years.

Assembly Amendment 1 increases the carry forward period of the super research credit created in the bill from five to 15 years. Thus, under the amendment, if the credit claimed by a corporation is not entirely offset against taxes otherwise due, the unused balance may be carried forward and credited against taxes otherwise due for the following 15 taxable years

Legislative History

Assembly Amendment 1 was offered by the Assembly Committee on Jobs and the Economy on February 20, 2008. The committee voted to adopt the amendment, and recommend passage of the bill as amended, on votes of Ayes, 10 and Noes, 0.

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