
Wisconsin Legislative Council

AMENDMENT MEMO



Memo published: February 27, 2024

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2023 Assembly Bill 1033

**Assembly Substitute
Amendment 1**

2023 ASSEMBLY BILL 1033

2023 Assembly Bill 1033 creates a refundable digital interactive media income tax credit, calculated as the sum of 30 percent of salary or wages of resident employees that were paid for services rendered in Wisconsin to produce digital interactive media or entertainment, plus 30 percent of expenditures directly related to the creation of digital interactive media or entertainment.

In order to claim the credit, a claimant must file an application with the Department of Revenue (DOR) and DOR must approve the application. An application may not be approved unless DOR determines the applicant's qualified activities will result in eligible expenditures in excess of \$25,000 per year, the applicant is audited by DOR or an auditor certified by DOR, and such audit expenses are reimbursed by the applicant.

ASSEMBLY SUBSTITUTE AMENDMENT 1

Generally, Assembly Substitute Amendment 1 retains the same structure of a refundable income tax credit for 30 percent of employee salary and wages, plus 30 percent of expenditures, however the proposed credit is renamed as a video game production credit. In addition to the change in terminology, the substitute amendment also includes the following:

- Revision to the interaction between qualifying wages and expenditures, and revision of eligible expenditures used in calculation of the credit. Notably, the substitute amendment removes the residency requirement for qualified employee salary and wages and instead requires salary and wages to be subject to state withholding tax in order to qualify for the credit.
- Shift of the audit requirements to be, generally, the responsibility of an applicant, rather than a process undertaken by DOR and reimbursed by the applicant. DOR retains authority under the substitute amendment to ensure auditor independence and promulgate rules on audit requirements.
- Revision of the manner in which the tax credit may be claimed with respect to tax-option corporations.
- Changes to a business's qualification for the credit, including deletion of the \$25,000 expenditure threshold and addition of a requirement that the business must establish a physical location in Wisconsin.

BILL HISTORY

Representative Moses introduced Assembly Bill 1033 on January 30, 2024, and offered Assembly Substitute Amendment 1 on February 9, 2024. On February 14, 2024, the Assembly Committee on

Ways and Means recommended adoption of Assembly Substitute Amendment 1 on a vote of Ayes, 9; Noes, 3; and recommended passage of Assembly Bill 1033, as amended, on a vote of Ayes, 8; Noes, 4.

For a full history of the bill, visit the Legislature's [bill history page](#).

SG:jal