

1 located within the state. The amount of such income attributable to Wisconsin
2 may be determined by an allocation and separate accounting thereof, when the
3 business of such corporation, nonresident individual or nonresident estate or
4 trust within the state is not an integral part of a unitary business, but the
5 department of revenue may permit an allocation and separate accounting in any
6 case in which it is satisfied that the use of such method will properly
7 reflect the income taxable by this state. In all cases in which allocation
8 and separate accounting is not permissible, the determination shall be made in
9 the following manner: for all ~~business~~ businesses except financial organiza-
10 tions and public utilities there shall first be deducted from the total net
11 income of the taxpayer such the part thereof (less related expenses, if any)
12 ~~as that~~ follows the situs of the property or the residence of the recipient;
13 ~~except that in the case of income which follows the residence of the~~
14 ~~recipient, the amount of interest and dividends deductible under this provi-~~
15 ~~sion shall be limited to the total interest and dividends received which are~~
16 ~~in excess of the total interest (or related expenses, if any) paid and allow-~~
17 ~~able as a deduction under s. 71.04 during the income year. The remaining net~~
18 ~~income shall be apportioned to Wisconsin by multiplying such net income by a~~
19 ~~fraction, the numerator of which is the sum of the property factor, the pay-~~
20 ~~roll factor and the sales factor, and the denominator of which is the number~~
21 ~~3. Beginning with calendar year 1974, or corresponding fiscal year, and~~
22 ~~thereafter, in lieu of the equally weighted 3-factor apportionment fraction~~
23 ~~based on property, payroll and sales, there shall be used~~ use of an appor-
24 tionment fraction composed of a sales factor representing 50% of the fraction,
25 a property factor representing 25% of the fraction and a payroll factor
26 representing 25% of the fraction.

27 SECTION 1278w. 71.07 (2) (b) of the statutes is repealed and recreated to
28 read:

1 71.07 (2) (b) 1. The payroll factor is a fraction, the numerator of which
2 is the total amount paid in this state during the tax period by the taxpayer
3 for compensation, and the denominator of which is the total compensation paid
4 everywhere during the tax period.

5 2. Compensation is paid in this state if:

6 a. The individual's service is performed entirely within this state;

7 b. The individual's service is performed within and without this state,
8 but the service performed without this state is incidental to the individual's
9 service within this state;

10 c. A portion of the service is performed within this state and the base
11 of operations of the individual is in this state;

12 d. A portion of the service is performed within this state and, if there
13 is no base of operations, the place from which the individual's service is
14 directed or controlled is in this state;

15 e. A portion of the service is performed within this state and neither
16 the base of operations of the individual nor the place from which the service
17 is directed or controlled is in any state in which some part of the service is
18 performed, but the individual's residence is in this state; or

19 f. The individual is neither a resident of nor performs services in this
20 state but is directed or controlled from an office in this state and returns
21 to this state periodically for business purposes and the state in which the
22 individual resides does not have jurisdiction to impose income or franchise
23 taxes on the employer.

24 3. Compensation related to the operation, maintenance, protection or
25 supervision of property used in the production of both apportionable and
26 nonapportionable income or losses shall be partially excluded from the numer-
27 ator and denominator of the payroll factor so as to exclude, as near as

1 possible, the portion of pay related to the operation, maintenance, protection
2 and supervision of property used in the production of nonapportionable income.

3 4. In this paragraph, compensation includes deductible management or
4 service fees paid to a related corporation as consideration for the perfor-
5 mance of personal services, and the situs of those fees is in this state if
6 the services fulfill one of the requirements under subd. 2. The recipient of
7 the fees may not include the compensation paid to its employes with respect to
8 personal services in either the numerator or denominator of its payroll
9 factor. Except for management or service fees, payments made to a related
10 corporation, an independent contractor or any person not properly classifiable
11 as an employe are excluded. In this subdivision, "related corporation" means
12 a corporation which is part of a controlled group as defined in section 267
13 (f) (1) of the internal revenue code.

14 5. If the company has no employes and pays no management or service fees
15 or the department determines that employes are not a substantial
16 income-producing factor and that the management or service fees paid are
17 insubstantial, the department may order or permit the elimination of the pay-
18 roll factor and use only the arithmetical average of the other 2 factors to
19 arrive at the Wisconsin apportionment percentage.

20 SECTION 1278y. 71.07 (2) (c) 3 of the statutes is amended to read:

21 71.07 (2) (c) 3. Sales, other than sales of tangible personal property,
22 are in this state if the income-producing activity is performed in this state.
23 If the income-producing activity is performed both in and outside this state
24 the sales shall be divided between those states having jurisdiction to tax
25 such business in proportion to the direct costs of performance incurred in
26 each such state in rendering this service. Services performed in states which
27 do not have jurisdiction to tax the business shall be deemed to have been
28 performed in the state to which compensation is allocated by par. (b) -4-

1 SECTION 1279b. 71.07 (2) (cr) 8 of the statutes is amended to read:

2 71.07 (2) (cr) 8. Dividends deductible ~~under s. 71.04 (4)~~ by corporations
3 in determining net income.

4 SECTION 1279f. 71.07 (2) (d) 2 of the statutes is amended to read:

5 71.07 (2) (d) 2. "Public utility", as used in this section, means any
6 business entity ~~a)~~ which owns or operates any plant, equipment, property,
7 franchise, or license for the transmission of communications, ~~transportation~~
8 ~~of goods or persons~~ or the production, transmission, sale, delivery, or fur-
9 nishing of electricity, water or steam; ~~and b) whose, the~~ rates of charges for
10 goods or services of which have been established or approved by a federal,
11 state or local government or governmental agency. "Public utility" also means
12 any business entity providing service to the public and engaged in the trans-
13 portation of goods and persons for hire, as defined in s. 194.01 (4), regard-
14 less of whether or not the entity's rates or charges for services have been
15 established or approved by a federal, state or local government or govern-
16 mental agency.

17 SECTION 1279k. 71.07 (2m) of the statutes is amended to read:

18 71.07 (2m) Nonresident individuals and nonresident estates and trusts
19 deriving income from a tax-option corporation which is engaged in business
20 within and without this state shall be taxed only on the income of the cor-
21 poration derived from business transacted and property located in this state
22 and losses and other items of the corporation deductible by such shareholders
23 shall be limited to their proportionate share of the Wisconsin loss or other
24 item. For purposes of this subsection, all intangible income of tax-option
25 corporations passed through to shareholders is business income that follows
26 the situs of the business.

27 SECTION 1279p. 71.08 (1) of the statutes is amended to read:

1 71.08 (1) The tax imposed by this chapter on individuals and the rates
2 under s. 71.09 (1e) ~~or (1f)~~ to (1h) shall apply to the Wisconsin taxable
3 income of estates or trusts, except nuclear decommissioning trust or reserve
4 funds, and that tax shall be paid by the fiduciary.

5 SECTION 1279s. 71.09 (1e) (intro.) of the statutes is amended to read:

6 71.09 (1e) (intro.) The tax to be assessed, levied and collected upon the
7 taxable incomes of all fiduciaries and single individuals for calendar year
8 1986 and corresponding fiscal years ~~and for calendar and fiscal years there-~~
9 ~~after~~ shall be computed at the following rates:

10 SECTION 1279w. 71.09 (1f) (intro.) of the statutes is amended to read:

11 71.09 (1f) (intro.) The tax to be assessed, levied and collected upon the
12 taxable incomes of all married persons for calendar year 1986 and correspond-
13 ing fiscal years ~~and for calendar and fiscal years thereafter~~ shall be com-
14 puted at the following rates:

15 SECTION 1279y. 71.09 (1g) and (1h) of the statutes are created to read:

16 71.09 (1g) The tax to be assessed, levied and collected upon the taxable
17 incomes of all fiduciaries, except fiduciaries of nuclear decommissioning
18 trust or reserve funds, and single individuals for calendar year 1987 and
19 corresponding fiscal years and for calendar and fiscal years thereafter shall
20 be computed at the following rates:

21 (a) On all taxable income from \$0 to \$7,500, 4.9%.

22 (b) On all taxable income exceeding \$7,500 but not exceeding \$15,000,
23 6.55%.

24 (c) On all taxable income exceeding \$15,000, 6.93%.

25 (1h) The tax to be assessed, levied and collected upon the taxable
26 incomes of all married persons for calendar year 1987 and corresponding fiscal
27 years and for calendar and fiscal years thereafter shall be computed at the
28 following rates:

1 (a) For joint returns:

2 1. On all taxable income from \$0 to \$10,000, 4.9%.

3 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000,
4 6.55%.

5 3. On all taxable income exceeding \$20,000, 6.93%.

6 (b) For married persons filing separately:

7 1. On all taxable income from \$0 to \$5,000, 4.9%.

8 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000,
9 6.55%.

10 3. On all taxable income exceeding \$10,000, 6.93%.

11 SECTION 1280f. 71.09 (2) of the statutes is amended to read:

12 71.09 (2) Commencing with calendar year 1980 and corresponding fiscal
13 years and thereafter to 1982, the dollar amounts in sub. (1b) shall be changed
14 to reflect the percentage change between the U.S. consumer price index for all
15 urban consumers, U.S. city average, for the month of June of the current year
16 and the U.S. consumer price index for all urban consumers, U.S. city average,
17 for the month of June of the previous year, as determined by the U.S. depart-
18 ment of labor, but in no case may the amounts be increased by more than 10%.
19 The revised amounts shall be rounded to the nearest whole number divisible by
20 100, and in no case may be reduced below the amounts appearing in sub. (1b) on
21 February 28, 1979. ~~Except as provided in sub. (2c), commencing with calendar~~
22 ~~year 1987 and corresponding fiscal years and thereafter, the dollar amounts in~~
23 ~~subs. (1e) and (1f) (a) shall be changed to reflect the percentage change,~~
24 ~~minus 3%, between the U.S. consumer price index for all urban consumers, U.S.~~
25 ~~city average, for June of the current year and the U.S. consumer price index~~
26 ~~for all urban consumers, U.S. city average, for June of the previous year, as~~
27 ~~determined by the U.S. department of labor, but in no case may the amounts be~~
28 ~~increased by more than 7% or decreased by any amount. The amounts in sub.~~

1 ~~(1f) (b) shall be set at 50% of the amounts in sub. (1f) (a). The revised~~
2 ~~amounts shall be rounded to the nearest whole number which is a multiple of~~
3 ~~\$10, unless the digit in the units place is 5 and all of the digits to the~~
4 ~~right of the 5 are zeroes, in which case the amount shall be rounded so that~~
5 ~~the digit in the tens place is an even number. The percentage change in the~~
6 ~~consumer price index shall be rounded to the nearest one-tenth of a percentage~~
7 ~~point, unless the digit in the hundredths place is 5 and all of the numbers to~~
8 ~~the right of the 5 are zeroes, in which case the amount shall be rounded to~~
9 ~~the nearest one-tenth that is an even number; the dollar amount that is to be~~
10 ~~adjusted is the rounded amount from the previous year.~~

11 ••87a1067/2••SECTION 1280k. 71.09 (2e) of the statutes is repealed.

12 ••87a1067/2••SECTION 1280p. 71.09 (2f) of the statutes is amended to
13 read:

14 71.09 (2f) The department of revenue shall annually publish notice of the
15 standard deduction amounts and the brackets for the individual income tax in
16 the administrative register and shall incorporate any changes in dollar
17 amounts required under sub. (2) and s. 71.02 (2) (kr) in the income tax forms
18 and instructions.

19 SECTION 1280s. 71.09 (2h) of the statutes is amended to read:

20 71.09 (2h) The taxes to be assessed, levied and collected upon taxable
21 Wisconsin net incomes of corporations for the calendar year 1981 and cor-
22 responding fiscal years and for calendar and fiscal years thereafter shall be
23 computed at the rate of 7.9%.

24 SECTION 1280w. 71.09 (2n) of the statutes is amended to read:

25 71.09 (2n) The corporation franchise tax imposed under s. 71.01 (2) and
26 measured by Wisconsin net income of the calendar year 1981 and corresponding
27 fiscal years and calendar and fiscal years thereafter shall be computed at the
28 rate of 7.9%.

1 ••87a1072/2••SECTION 1280y. 71.09 (6p) (b) of the statutes is amended to
2 read:

3 71.09 (6p) (b) An exemption of \$50 for each person for whom the taxpayer
4 is entitled to an exemption for the taxable year under section 151 ~~(e)~~ (c) of
5 the federal internal revenue code.

6 ••87a1073/2••SECTION 1378p. 71.09 (6r) (a) of the statutes is amended to
7 read:

8 71.09 (6r) (a) Add the amount of interest allowed as an itemized deduc-
9 tion under section 163 of the internal revenue code and paid on a loan to
10 purchase or refinance a residence in this state or paid on a land contract in
11 respect to a residence in this state; in respect to members of the U.S.
12 congress, the amount of interest allowed as an itemized deduction under
13 section 163 of the internal revenue code and paid to purchase or refinance a
14 residence in or near Washington, D.C., or paid on a land contract in respect
15 to such a residence; for taxable years 1986 to 1988 only, the amount of
16 interest allowed as an itemized deduction under section 163 of the internal
17 revenue code and paid by an employe on a loan to purchase stock in an
18 employe-owned business, as defined in s. 560.16 (1) (c), from which that
19 employe receives at least 50% of that employe's wage and salary income; the
20 amount of interest allowed as an itemized deduction under section 163 of the
21 internal revenue code and paid to acquire agricultural property, as defined in
22 s. 93.50 (1) (am), other than a residence, if that property was personally
23 operated or leased as farmland by the taxpayer during the period of ownership
24 and is subsequently sold by the taxpayer on a land contract, to a buyer who
25 agrees, in writing, to continue to personally operate the property as farmland
26 over the term of the contract, for which interest income is reported by the
27 taxpayer; the amount of interest, up to \$1,200, or up to \$600 for a married
28 person filing separately, allowed as an itemized deduction under section 163

1 of the internal revenue code and not paid on a loan to purchase or refinance a
2 residence or paid on a land contract in respect to a residence or paid to
3 purchase stock in the corporation from which the employe receives at least 50%
4 of that employe's wage and salary income or paid to acquire agricultural
5 property, other than a residence, that is sold on a land contract for which
6 interest income is reported; the deduction for charitable contributions under
7 section 170 of the internal revenue code; the medical expenses allowed under
8 section 213 of the internal revenue code and any amount expended by an adop-
9 tive parent or a prospective adoptive parent in adoption fees, court costs or
10 legal fees relating to the adoption of a child, whether or not the adoption
11 process is completed, to the extent that this amount, when added to allowable
12 medical deductions under section 213 of the internal revenue code, exceeds 5%
13 of the person's federal adjusted gross income; and the amount claimed as an
14 itemized deduction for federal income tax purposes for repayment of income
15 previously taxed under this chapter under the claim of right doctrine.

16 SECTION 1378r. 71.09 (6r) (a) of the statutes, as affected by 1987
17 Wisconsin Act (this act), is repealed and recreated to read:

18 71.09 (6r) (a) Add the amount expended by an adoptive parent or a pros-
19 pective adoptive parent in adoption fees, court costs or legal fees relating
20 to the adoption of a child, whether or not the adoption process is completed,
21 to the extent that this amount, when added to the allowable medical deductions
22 under section 213 of the internal revenue code exceeds 7.5% of the person's
23 federal adjusted gross income to the amounts allowed as itemized deductions
24 under the internal revenue code except:

25 1. Interest paid to purchase or hold securities issued by the federal
26 government or by any of its instrumentalities the interest on which is exempt
27 from taxation under s. 71.05 (1) (b) 1.

28 2. Taxes under section 164 of the internal revenue code.

1 3. Casualty and theft deductions under section 165 (c) (3) of the
2 internal revenue code.

3 4. Expenses to move from this state under section 217 of the internal
4 revenue code.

5 5. Interest incurred to purchase a residence that is neither a primary
6 residence nor is in this state and interest incurred to purchase a residence
7 that is a boat.

8 6. The amount claimed for repayment of income previously taxed under this
9 chapter under the claim of right doctrine.

10 7. The amount of interest in excess of \$1,200, or \$600 for a married
11 person filing separately, not paid on a loan to purchase or refinance a resi-
12 dence and not paid on a land contract.

13 SECTION 1378u. 71.09 (6r) (b) of the statutes is amended to read:

14 71.09 (6r) (b) Subtract the standard deduction under s. 71.02 (2) (km) 2m
15 from the amount under par. (a).

16 SECTION 1378y. 71.09 (6r) (d) of the statutes is amended to read:

17 71.09 (6r) (d) With respect to persons who change their domicile into or
18 from this state during the taxable year and nonresident persons, the credit
19 under this subsection shall be limited to the fraction of the amount so
20 determined that Wisconsin adjusted gross income is of federal adjusted gross
21 income. In this paragraph, for married persons filing separately "adjusted
22 gross income" means the separate adjusted gross income of each spouse and for
23 married persons filing jointly "adjusted gross income" means the total
24 adjusted gross income of both spouses. If a person and that person's spouse
25 are not both domiciled in this state during the entire taxable year, their
26 credit under this subsection on a joint return is ~~determined by multiplying~~
27 ~~the credit under this subsection that would be available to each of them if~~
28 ~~they were both domiciled in this state during the entire taxable year by a~~

1 ~~fraction the numerator of which is~~ shall be limited to the fraction of the
2 amount so determined that their joint Wisconsin adjusted gross income and the
3 denominator of which is of their joint federal adjusted gross income.

4 ••87-2303/4••SECTION 1379. 71.09 (7) (a) 1 of the statutes is amended to
5 read:

6 71.09 (7) (a) 1. "Claimant" means a person who has filed a claim under
7 this subsection and who was domiciled in this state during the entire calendar
8 year ~~preceding the year in which the person files~~ to which the claim for
9 credit under this subsection relates. When 2 individuals of a household are
10 able to meet the qualifications for a claimant, they may determine between
11 them as to who the claimant shall be is. If they are unable to agree, the
12 matter shall be referred to the secretary of revenue and the secretary's
13 decision shall be is final.

14 ••87-2303/4••SECTION 1380. 71.09 (7) (a) 2 of the statutes is amended to
15 read:

16 71.09 (7) (a) 2. "Gross rent" means rental paid at arm's length, solely
17 for the right of occupancy of a homestead, exclusive of charges for any
18 utilities, services, furniture, furnishings or personal property appliances
19 food furnished by the landlord as a part of the rental agreement, whether ex-
20 pressly set out in the rental agreement or not. ~~In any case in which the~~
21 ~~landlord and tenant have not dealt with each other at arm's length and the~~
22 ~~department is satisfied that the gross rent charged was excessive, the~~
23 ~~department may adjust such gross rent to a reasonable amount for purposes of~~
24 ~~this subsection.~~ "Gross rent" includes the space rental paid to a landlord
25 for parking of a mobile home, exclusive of any charges for utilities,
26 services, furniture and furnishings or personal appliances food furnished by
27 the landlord as a part of the space rental. ~~Twenty-five per cent of such~~
28 ~~annual gross rental plus the monthly parking permit fees paid during the year~~

1 ~~shall be the annual "property taxes accrued" agreement, plus parking fees paid~~
2 ~~under s. 66.058 (3) (c) for a rented mobile home. If a homestead is an inte-~~
3 ~~gral part of a multipurpose or multidwelling building, "gross rent" is the~~
4 ~~percentage of the gross rent on that part of the multipurpose or multidwelling~~
5 ~~building occupied by the household as a principal residence plus the same~~
6 ~~percentage of the gross rent on the land surrounding it, not exceeding one~~
7 ~~acre, that is reasonably necessary for use of the multipurpose or multidwell-~~
8 ~~ing building as a principal residence, except as the limitations under par.~~
9 ~~(h) apply. If the homestead is part of a farm, "gross rent" is the rent on up~~
10 ~~to 120 acres of the land contiguous to the claimant's principal residence plus~~
11 ~~the rent on all improvements to real property on that land, except as the~~
12 ~~limitations under par. (h) apply. If a claimant and persons who are not mem-~~
13 ~~bers of the claimant's household reside in a homestead, the claimant's "gross~~
14 ~~rent" is the gross rent paid for the homestead divided by the number of adults~~
15 ~~residing in the homestead and not related to the claimant as husband or wife.~~

16 ••87-2303/4••SECTION 1381. 71.09 (7) (a) 3 of the statutes is amended to
17 read:

18 71.09 (7) (a) 3. "Homestead" means the dwelling, whether rented or owned
19 or rented, including owned as a joint tenant or tenant in common, or occupied
20 as a buyer in possession under a land contract, and so much of the land sur-
21 rounding it, not exceeding one acre, as that is reasonably necessary for use
22 of the dwelling as a home, and may consist of a part of a multidwelling or
23 multipurpose building and a part of the land upon which it is built.
24 (~~"Owned" includes a vendee in possession under a land contract and of one or~~
25 ~~more joint tenants or tenants in common.) ~~It does not include personal prop-~~
26 ~~erty such as furniture, furnishings or appliances, but a mobile home may be a~~
27 ~~homestead.~~~~

1 ••87-2303/4••SECTION 1382. 71.09 (7) (a) 6 of the statutes is amended to
2 read:

3 71.09 (7) (a) 6. "Income" means the sum of adjusted gross income as
4 defined in s. 71.02 (2) (i), except for amounts received under s. 144.027, and
5 the following amounts, to the extent not included in adjusted gross income:
6 maintenance payments (except foster care maintenance and supplementary pay-
7 ments excludable under section 131 of the internal revenue code), support
8 money, cash public assistance and general relief (not including credit granted
9 under this subsection and amounts under s. 46.27), the gross amount of any
10 pension or annuity (including railroad retirement benefits, all payments
11 received under the federal social security act and veterans disability
12 pensions), nontaxable interest received from the federal government or any of
13 its instrumentalities, worker's compensation, unemployment compensation, the
14 gross amount of "loss of time" insurance and, compensation and other cash
15 benefits received from the United States for past or present service in the
16 armed forces, and scholarship and fellowship gifts or income, all regardless
17 of the fact that they may be excluded from adjusted gross income as defined in
18 s. 71.02 (2) (i). "Income" also includes the following amounts that are not
19 included in adjusted gross income: capital gains, gain on the sale of a per-
20 sonal residence excluded under section 121 of the internal revenue code,
21 dividends, contributions to individual retirement accounts under section 219
22 of the internal revenue code (except rollover contributions), intangible
23 drilling costs, depletion allowances and the amount by which the value of a
24 share of stock at the time a qualified or restricted stock option is exercised
25 exceeds the option price. Depreciation income of a nonresident or part-year
26 resident who is married to a full-year resident, net operating loss
27 carry-forwards, capital loss carry-forwards, housing allowances provided to
28 members of the clergy, the amount by which a resident manager's rent is

1 reduced, nontaxable income of an American Indian, nontaxable income from
2 sources outside this state, deductions for contributions to Keogh plans and
3 nontaxable deferred compensation. Intangible drilling costs, depletion
4 allowances and depreciation, including first-year depreciation allowances
5 under section 179 of the internal revenue code, and amortization deducted in
6 determining Wisconsin adjusted gross income as defined in s. 71.02 (2) (i)
7 shall be added to "income". "Income" does not include gifts from natural
8 persons, cash reimbursement payments made under title XX of the federal social
9 security act, ~~or~~ surplus food or other relief in kind supplied by a govern-
10 mental agency. ~~"Income" does not include,~~ the gain on the sale of a personal
11 residence deferred under section 1034 of the internal revenue code or
12 nonrecognized gain from involuntary conversions under section 1033 of the
13 internal revenue code. Amounts not included in adjusted gross income but
14 added to "income" under this subdivision in a previous year and repaid may be
15 subtracted from income for the year during which they are repaid. A marital
16 property agreement or unilateral statement under ch. 766 has no effect in
17 computing "income" for a person whose homestead is not the same as the home-
18 stead of that person's spouse.

19 ••87-2303/4••SECTION 1383. 71.09 (7) (a) 7 of the statutes is amended to
20 read:

21 71.09 (7) (a) 7. "Property taxes accrued" means real or personal property
22 taxes or monthly parking permit fees under s. 66.058 (3) (c), exclusive of
23 special assessments, delinquent interest and charges for service, levied on a
24 claimant's homestead in 1964 or any calendar year thereafter owned by the
25 claimant or a member of the claimant's household. "Real or personal property
26 taxes" means those levied under ch. 70, less the tax credit, if any, afforded
27 in respect of such property by s. 79.10 (3) to (5). If a homestead is owned
28 by 2 or more persons or entities as joint tenants or tenants in common or is

1 owned as marital property or survivorship marital property and one or more
2 such persons ~~or~~, entities or owners is not a member of the claimant's
3 household, "property taxes accrued" is that part of property taxes accrued
4 levied on such homestead (reduced by the tax credit under s. 79.10 (3) to (5))
5 as that reflects the ownership percentage of the claimant and the claimant's
6 household. A marital property agreement or unilateral statement under ch. 766
7 has no effect in computing "property taxes accrued" for a person whose home-
8 stead is not the same as the homestead of that person's spouse. For purposes
9 of this ~~paragraph~~ subdivision, property taxes are "levied" when the tax roll
10 is delivered to the local treasurer with the warrant for collection. If a
11 homestead is sold or purchased during the calendar year of the levy, the
12 "property taxes accrued" for the seller and the buyer ~~shall be~~ are the amount
13 of the tax levy prorated to each ~~in the closing agreement pertaining to the~~
14 ~~sale of the homestead or, if not so provided for in the closing agreement, the~~
15 ~~tax levy shall be prorated between seller and buyer in proportion to months of~~
16 ~~their respective ownership, provided that the seller and buyer occupy the~~
17 ~~homestead during the periods of their respective ownership~~ in proportion to
18 the periods of time each both owned and occupied the homestead during the year
19 to which the claim relates. The seller may use the closing agreement per-
20 taining to the sale of the homestead, the property tax bill for the year
21 before the year to which the claim relates or the property tax bill for the
22 year to which the claim relates as the basis for computing property taxes
23 accrued, but those taxes are allowable only for the portion of the year during
24 which the seller owned and occupied the sold homestead. If a household owns
25 and occupies 2 or more homesteads in the same calendar year "2 property taxes
26 accrued" ~~shall be~~ is the sum of the prorated property taxes accrued attribut-
27 able to the household for each of such homesteads. If the household owns and
28 occupies the homestead for part of the calendar year and rents a homestead for

1 part of the calendar year, it may include both the proration of taxes on the
2 homestead owned and "rent constituting property taxes accrued" with respect to
3 the months the homestead is rented, in computing the amount of the claim under
4 pars. ~~(gn) to (grn)~~ (grm) and (gro). If a homestead is an integral part of a
5 multipurpose or multidwelling building, property taxes accrued are the per-
6 centage of the property taxes accrued on that part of the multipurpose or
7 multidwelling building occupied by the household as a principal residence plus
8 that same percentage of the property taxes accrued on ~~as much of~~ the land
9 surrounding it, not exceeding one acre, that is reasonably necessary for use
10 of the multipurpose or multidwelling building as a principal residence, except
11 as the limitations of par. (h) apply. If the homestead is part of a farm,
12 "property taxes accrued" are the property taxes accrued on up to 120 acres of
13 the land contiguous to the claimant's principal residence and include the
14 property taxes accrued on all improvements to real property located on such
15 land, except as the limitations of par. (h) apply. For claims for 1967 and
16 subsequent years, monthly parking permit fees collected under s. 66.058 (3)
17 (e) shall be considered property taxes.

18 ••87-2303/4••SECTION 1384. 71.09 (7) (a) 8 of the statutes is amended to
19 read:

20 71.09 (7) (a) 8. "Rent constituting property taxes accrued", except as
21 provided in pars. (m) and (p), means 25%, or 20% if heat is included, of the
22 gross rent actually paid in cash or its equivalent in 1964 or any subsequent
23 calendar year by a claimant and his or her household solely for the right of
24 occupancy of their Wisconsin homestead in such during the calendar year, and
25 which to which the claim relates if that rent constitutes the basis, in the
26 succeeding calendar year, of a claim for relief under this section subsection
27 by such claimant. A marital property agreement or unilateral statement under
28 ch. 766 has no effect in computing "rent constituting property taxes accrued"

1 for a person whose homestead is not the same as the homestead of that person's
2 spouse.

3 ••87-2303/4••SECTION 1385. 71.09 (7) (b) of the statutes is amended to
4 read:

5 71.09 (7) (b) The right to file a claim under this subsection shall be is
6 personal to the claimant and shall does not survive the claimant's death, but
7 such right may be exercised on behalf of a claimant by the claimant's legal
8 guardian or attorney-in-fact. When a claimant dies after having filed a
9 timely claim the amount thereof shall be disbursed as provided under s. 71.10
10 (10) (i). The right to file a claim under this subsection may be exercised on
11 behalf of a living claimant by the claimant's legal guardian or
12 attorney-in-fact.

13 ••87-2303/4••SECTION 1386. 71.09 (7) (c) of the statutes is amended to
14 read:

15 71.09 (7) (c) Subject to the limitations provided in this subsection, a
16 claimant may claim as a credit against Wisconsin income taxes otherwise due,
17 Wisconsin property taxes accrued, or rent constituting property taxes accrued,
18 or both. If the allowable amount of claim exceeds the income taxes otherwise
19 due on the claimant's income or if there are no Wisconsin income taxes due on
20 the claimant's income, the amount of the claim not used as an offset against
21 income taxes shall be certified to the department of administration for pay-
22 ment to the claimant by check, share draft or other draft drawn on the general
23 fund. ~~No such check, share draft or other draft and no offset against income~~
24 ~~taxes otherwise payable, or refund of income taxes paid in respect of any such~~
25 ~~claim shall be charged against any town, city, village or county in the~~
26 ~~distribution of income taxes under this chapter.~~ No interest shall may be
27 allowed on any payment made to a claimant pursuant to under this subsection.

1 ••87-2303/4••SECTION 1388. 71.09 (7) (gn) to (gr) of the statutes are
2 repealed.

3 ••87b0497/1••SECTION 1388g. 71.09 (7) (grn) (intro.) of the statutes is
4 amended to read:

5 71.09 (7) (grn) (intro.) The amount of any claim filed in 1987 and
6 thereafter and based on property taxes accrued or rent constituting property
7 taxes accrued during the previous year is limited as follows:

8 ••87b0497/1••SECTION 1388m. 71.09 (7) (gro) of the statutes is created to
9 read:

10 71.09 (7) (gro) The amount of any claim filed in 1988 and based on prop-
11 erty taxes accrued or rent constituting property taxes accrued during the
12 previous year is limited as follows:

13 1. If the household income was \$7,800 or less in the year to which the
14 claim relates, the claim is limited to 80% of the property taxes accrued or
15 rent constituting property taxes accrued or both in that year on the claim-
16 ant's homestead.

17 2. If the household income was more than \$7,800 in the year to which the
18 claim relates, the claim is limited to 80% of the amount by which the property
19 taxes accrued or rent constituting property taxes accrued or both in that year
20 on the claimant's homestead exceeds 12.255% of the household income exceeding
21 \$7,800.

22 3. No credit may be allowed if the household income of a claimant exceeds
23 \$18,000.

24 ••87b0497/1••SECTION 1388r. 71.09 (7) (grp) of the statutes is created to
25 read:

26 71.09 (7) (grp) The amount of any claim filed in 1989 and thereafter and
27 based on property taxes accrued or rent constituting property taxes accrued
28 during the previous year is limited as follows:

1 1. If the household income was \$8,000 or less in the year to which the
2 claim relates, the claim is limited to 80% of the property taxes accrued or
3 rent constituting property taxes accrued or both in that year on the claim-
4 ant's homestead.

5 2. If the household income was more than \$8,000 in the year to which the
6 claim relates, the claim is limited to 80% of the amount by which the property
7 taxes accrued or rent constituting property taxes accrued or both in that year
8 on the claimant's homestead exceeds 11.304% of the household income exceeding
9 \$8,000.

10 3. No credit may be allowed if the household income of a claimant exceeds
11 \$19,500.

12 ••87-2303/4••SECTION 1389. 71.09 (7) (gs) of the statutes is repealed.

13 ••87-2303/4••SECTION 1390. 71.09 (7) (gz) 1 of the statutes is renumbered
14 71.09 (7) (w).

15 ••87-2303/4••SECTION 1391. 71.09 (7) (gz) 2 of the statutes is renumbered
16 71.09 (7) (x) and amended to read:

17 71.09 (7) (x) The claimant shall, ~~at the claimant's election, not be is~~
18 not required to record on the claim the amount claimed. The claim allowable
19 to persons ~~making this election who do not record the amount~~ shall be computed
20 by the department, which shall notify the claimant by mail of the amount of
21 the allowable claim.

22 ••87-2303/4••SECTION 1392. 71.09 (7) (h) 1 to 4 of the statutes are
23 repealed.

24 ••87b0497/1••SECTION 1393b. 71.09 (7) (h) 5 of the statutes is amended to
25 read:

26 71.09 (7) (h) 5. In calendar year ~~1984, or any subsequent calendar year~~
27 years 1984 to 1986, \$1,200.

1 ••87b0497/1••SECTION 1393g. 71.09 (7) (h) 6 and 7 of the statutes are
2 created to read:

3 71.09 (7) (h) 6. In calendar year 1987, \$1,250.

4 7. In calendar year 1988 and thereafter, \$1,300.

5 ••87-2303/4••SECTION 1394. 71.09 (7) (j) of the statutes is repealed and
6 recreated to read:

7 71.09 (7) (j) To ascertain the correctness of any claim under this sub-
8 section or to determine the amount of the credit under this subsection of any
9 person, the department may examine, or cause to be examined by any agent or
10 representative designated by the department, any books, papers, records or
11 memoranda bearing on the homestead credit of the person, may require the pro-
12 duction of the books, papers, records or memoranda, and require the
13 attendance, of any person having relevant knowledge, and may take testimony
14 and require proof material for its information. Based on the information it
15 discovers, the department shall determine the true amount of homestead credit
16 during the year or years under investigation.

17 ••87-2303/4••SECTION 1395. 71.09 (7) (r) of the statutes is amended to
18 read:

19 71.09 (7) (r) No claim for credit under this subsection may be allowed to
20 any claimant who was under 18 years of age at the close of the year ~~the prop-~~
21 ~~erty taxes were levied or rents were paid to which the claim relates.~~

22 ••87-2303/4••SECTION 1396. 71.09 (7) (s) of the statutes is amended to
23 read:

24 71.09 (7) (s) No claim for credit under this subsection may be allowed to
25 any claimant who was claimed as a dependent for federal income tax purposes by
26 another person during the year ~~the taxes in question were levied or rents were~~
27 ~~paid to which the claim relates~~ but this limitation shall not apply if the
28 claimant was 62 years of age or older at the close of the year ~~the claimed~~

1 ~~property taxes or rent constituting property taxes accrued to which the claim~~
2 ~~relates.~~

3 SECTION 1396g. 71.09 (7m) of the statutes is amended to read:

4 71.09 (7m) Married persons filing a joint return, except those who reduce
5 their gross income under section 911 or 931 of the internal revenue code, may
6 claim as a credit against, but not to exceed the amount of, Wisconsin net
7 income taxes otherwise due, an amount equal to 2.5% of the earned income of
8 the spouse with the lower earned income, but not more than \$450. In this
9 subsection, "earned income" means ~~wages, salaries, tips, other employe~~
10 ~~compensation and net earnings from self-employment~~ qualified earned income, as
11 defined in section 221 (b) of the internal revenue code as amended to December
12 31, 1985, plus employe business expenses under section 62 (2) (b), (c) or (d)
13 of that code, allocable to Wisconsin under s. 71.07, minus the amount of dis-
14 ability income excluded under s. 71.05 (1) (b) 8m and minus any other amount
15 not subject to tax under this chapter. Earned income is computed notwith-
16 standing the fact that each spouse owns an undivided one-half interest in the
17 whole of the marital property. A marital property agreement or unilateral
18 statement under ch. 766 transferring income between spouses has no effect in
19 computing earned income under this subsection. ~~Earned income is reduced by~~
20 ~~any amount of net loss from self-employment. Earned income does not include~~
21 ~~amounts received as a pension or annuity or income to which section 871 (a) of~~
22 ~~the internal revenue code applies.~~

23 SECTION 1396r. 71.09 (8) (c) of the statutes is amended to read:

24 71.09 (8) (c) If ~~in calendar year 1979 or thereafter~~ a resident
25 individual, estate or trust pays a net income tax to another state ~~upon income~~
26 ~~taxable by such state for calendar year 1978 or corresponding fiscal year or~~
27 ~~thereafter, such, that~~ resident individual, estate or trust may credit the net
28 tax paid to ~~such~~ that other state on ~~such~~ that income against the net income

1 tax otherwise payable to this state on income of the same year. The credit
2 shall may not be allowed unless the income taxed by the other state is also
3 considered income for Wisconsin tax purposes. The credit shall may not be
4 allowed unless claimed within the time provided in s. 71.10 (10) (bn), but s.
5 71.10 (10) (d) does not apply to ~~such~~ those credits. For purposes of this
6 ~~section~~ paragraph, amounts declared and paid pursuant to the income tax law of
7 another state shall be deemed a net income tax paid to ~~such~~ that other state
8 only in the year in which the income tax return for ~~such~~ that state was
9 required to be filed. Income and franchise taxes paid to another state by a
10 tax-option corporation may be claimed as a credit under this paragraph by that
11 corporation's shareholders who are residents of this state and who otherwise
12 qualify under this paragraph.

13 ••87-1996/3••SECTION 1407. 71.09 (11) (a) 6. a of the statutes is amended
14 to read:

15 71.09 (11) (a) 6. a. For an individual, means income as defined under
16 sub. (7) (a) 6, plus nonfarm business losses, plus amounts under s. 46.27,
17 less net operating loss carry-forwards, less first-year depreciation allow-
18 ances under section 179 of the internal revenue code and less the first
19 \$25,000 of depreciation expenses in respect to the farm, except that the total
20 of the depreciation expenses claimed by all of the individuals in a household
21 may not exceed \$30,000 for each household.

22 SECTION 1407am. 71.09 (11) (a) 6. b of the statutes is amended to read:

23 71.09 (11) (a) 6. b. For a corporate claimant, except a tax-option
24 corporation, means the same as for an individual claimant except that net
25 income as defined under s. 71.02 (1) (e) plus any farm business loss carry
26 forward carry-forward allowed under s. 71.06 shall be included instead of
27 income under sub. (7) (a) 6 and "income" of a corporate claimant shall include
28 all household income of each of its corporate shareholders of record at the

1 end of its income year, plus nonfarm business losses and depreciation expenses
2 of the corporate claimant, except the first \$25,000 of depreciation expenses
3 in respect to the farm.

4 ••87b0498/3••SECTION 1407ar. 71.09 (11) (a) 6. b of the statutes, as
5 affected by 1987 Wisconsin Act (this act), is amended to read:

6 71.09 (11) (a) 6. b. For a corporate claimant, except a tax-option
7 corporation, means the same as for an individual claimant except that net
8 income plus any farm business loss carry-forward allowed under s. 71.06 shall
9 be included instead of income under sub. (7) (a) 6 and "income" of a corporate
10 claimant shall include all household income of each of its corporate share-
11 holders of record at the end of its income year, plus nonfarm business losses
12 and depreciation expenses of the corporate claimant, except the first \$25,000
13 \$30,000 of depreciation expenses in respect to the farm.

14 SECTION 1407cm. 71.09 (11) (a) 7 of the statutes is amended to read:

15 71.09 (11) (a) 7. "Property taxes accrued" means property taxes, exclu-
16 sive of special assessments, delinquent interest and charges for service,
17 levied on the farmland and improvements owned by the claimant or any member of
18 the claimant's household in any calendar year under ch. 70, less the tax
19 credit, if any, afforded in respect of the property by s. 79.10 ~~(3) to (5)~~.
20 "Property taxes accrued" shall not exceed \$6,000. If farmland is owned by a
21 tax-option corporation or by 2 or more persons or entities as joint tenants,
22 tenants in common or partners or is marital property or survivorship marital
23 property and one or more such persons ~~or~~ entities or owners is not a member
24 of the claimant's household, "property taxes accrued" is that part of property
25 taxes levied on the farmland (reduced by the tax credit under s. 79.10 ~~(3) to~~
26 ~~(5)~~) as that reflects the ownership percentage of the claimant and the claim-
27 ant's household. For purposes of this paragraph, property taxes are "levied"
28 when the tax roll is delivered to the local treasurer with the warrant for

1 collection. If farmland is sold during the calendar year of the levy the
2 "property taxes accrued" for the seller and buyer shall be the amount of the
3 tax levy prorated to each in the closing agreement pertaining to the sale of
4 the farmland or, if not so provided for in the closing agreement, the tax levy
5 shall be prorated between the seller and buyer in proportion to months of
6 their respective ownership.

7 ••87b0498/3••SECTION 1407cp. 71.09 (11) (a) 7 of the statutes, as
8 affected by 1987 Wisconsin Act (this act), is amended to read:

9 71.09 (11) (a) 7. "Property taxes accrued" means property taxes, exclu-
10 sive of special assessments, delinquent interest and charges for service,
11 levied on the farmland and improvements owned by the claimant or any member of
12 the claimant's household in any calendar year under ch. 70, less the tax
13 credit, if any, afforded in respect of the property by s. 79.10. "Property
14 taxes accrued" shall not exceed \$6,000 for taxable years before 1987, \$7,000
15 for taxable year 1987 and \$8,000 for taxable year 1988 and thereafter. If
16 farmland is owned by a tax-option corporation or by 2 or more persons or
17 entities as joint tenants, tenants in common or partners or is marital prop-
18 erty or survivorship marital property and one or more such persons, entities
19 or owners is not a member of the claimant's household, "property taxes
20 accrued" is that part of property taxes levied on the farmland (reduced by the
21 tax credit under s. 79.10) that reflects the ownership percentage of the
22 claimant and the claimant's household. For purposes of this paragraph, prop-
23 erty taxes are "levied" when the tax roll is delivered to the local treasurer
24 with the warrant for collection. If farmland is sold during the calendar year
25 of the levy the "property taxes accrued" for the seller and buyer shall be the
26 amount of the tax levy prorated to each in the closing agreement pertaining to
27 the sale of the farmland or, if not so provided for in the closing agreement,

1 the tax levy shall be prorated between the seller and buyer in proportion to
2 months of their respective ownership.

3 ••87b0498/3••SECTION 1407d. 71.09 (11) (b) (intro.), 1 and 2 of the
4 statutes are repealed and recreated to read:

5 71.09 (11) (b) (intro.) Except as provided in par. (bm), the amount of
6 any claim filed in 1988 and based upon property taxes accrued in 1987 shall be
7 determined as follows:

8 1. The amount of excessive property taxes shall be computed by subtract-
9 ing from property taxes accrued the amount of 6% of the 2nd \$5,000 of house-
10 hold income plus 8% of the 3rd \$5,000 of household income plus 10% of the 4th
11 \$5,000 of household income plus 16% of the 5th \$5,000 of household income plus
12 26% of the 6th \$5,000 of household income plus 36% of the household income in
13 excess of \$30,000. The maximum excessive property tax which can be utilized
14 is \$7,000.

15 2. The credit under this subsection shall be limited to 90% of the first
16 \$3,000 of excessive property taxes plus 70% of the next \$2,000 of excessive
17 property taxes plus 50% of the next \$2,000 of excessive property taxes. The
18 maximum credit may not exceed \$5,100 for any claimant. The credit for any
19 claimant shall be the greater of either the credit as calculated under this
20 subsection as it exists at the end of the year for which the claim is filed or
21 as it existed on the date on which the farmland became subject to a current
22 agreement under subch. II of ch. 91, using for such calculations household
23 income and property taxes accrued of the year for which the claim is filed.

24 ••87b0498/3••SECTION 1407f. 71.09 (11) (b) (intro.) 1 and 2 of the
25 statutes, as affected by 1987 Wisconsin Act (this act), are repealed and
26 recreated to read:

1 71.09 (11) (b) (intro.) Except as provided in par. (bm), the amount of
2 any claim filed in 1989 and thereafter and based upon property taxes accrued
3 in the previous year shall be determined as follows:

4 1. The amount of excessive property taxes shall be computed by subtract-
5 ing from property taxes accrued the amount of 5% of the 2nd \$5,000 of house-
6 hold income plus 7% of the 3rd \$5,000 of household income plus 9% of the 4th
7 \$5,000 of household income plus 15% of the 5th \$5,000 of household income plus
8 26% of the 6th \$5,000 of household income plus 38% of the 7th \$5,000 of
9 household income plus 40% of the household income in excess of \$35,000. The
10 maximum excessive property tax which can be utilized is \$8,000.

11 2. The credit under this subsection shall be limited to 90% of the first
12 \$3,000 of excessive property taxes plus 70% of the 2nd \$3,000 of excessive
13 property taxes plus 50% of the next \$2,000 of excessive property taxes. The
14 maximum credit may not exceed \$5,800 for any claimant. The credit for any
15 claimant shall be the greater of either the credit as calculated under this
16 subsection as it exists at the end of the year for which the claim is filed or
17 as it existed on the date on which the farmland became subject to a current
18 agreement under subch. II of ch. 91, using for such calculations household
19 income and property taxes accrued of the year for which the claim is filed.

20 ••87b0498/3••SECTION 1407h. 71.09 (11) (bm) of the statutes is amended to
21 read:

22 71.09 (11) (bm) If the farmland is subject to a certified ordinance under
23 subch. V of ch. 91, or an agreement under subch. II of ch. 91, in effect at
24 the close of the year for which the credit is claimed, the amount of the claim
25 is 10% of the property taxes accrued or the amount determined under par. (b),
26 whichever is greater.

27 ••87b1906/4 •• 87b2007/3••SECTION 1407i. 71.09 (12cr) of the statutes is
28 created to read:

1 71.09 (12cr) CLAIM OF RIGHT CREDIT. Any natural person may credit
2 against taxes otherwise due under this chapter the amount claimed for repay-
3 ment of income previously taxed under the claim of right doctrine, as calcu-
4 lated under section 1341 of the internal revenue code, if the amount of income
5 claimed is greater than \$3,000 and the amount is not used as a deduction under
6 sub. (6r) (a) 6. If the allowable amount of the credit exceeds the claimant's
7 taxes due under this chapter the amount of the credit not used to offset those
8 taxes shall be certified to the department of administration for payment to
9 the claimant by check, share draft or other draft drawn on the general fund.

10 ••87b1629/3 •• 87b1990/en••SECTION 1407k. 71.09 (12et) of the statutes is
11 created to read:

12 71.09 (12et) EMPLOYE TAX CREDIT. (a) Definitions. In this subsection:

13 1. "Development zone" has the meaning under s. 66.467 (1) (b).

14 2. "Eligible employe" means an individual who, during any part of the
15 90-day period preceding his or her hiring, was a member of a family that
16 received aid to families with dependent children or resided in a development
17 zone.

18 3. "Remuneration" means the sum of wages or salary and all fringe bene-
19 fits except federal insurance contributions act payments, vacation pay, sick
20 leave, unemployment compensation and workers' compensation.

21 (b) Credit. Any employer who hires an eligible employe for work in a
22 development zone and pays that employe remuneration equal to at least 145% of
23 the state minimum wage may claim against taxes otherwise due under this
24 chapter a credit equal to 50% of the amount obtained by subtracting from the
25 wages or salary paid to that eligible employe the amount received from the
26 federal job training partnership act and the federal targeted job tax credit
27 in respect to that employe, up to a credit of \$3,000 per employe.

1 (c) Recapture. Any person who abandons all business locations in a
2 development zone within 10 years after receiving a credit under this subsec-
3 tion shall repay to the department of revenue, for deposit in the general
4 fund, the amount of the credit received plus interest at the rate of 5% per
5 year or part of a year.

6 (d) Attributions. Partnerships and tax-option corporations that are
7 eligible for credits under par. (b) shall attribute them to their partners or
8 shareholders in proportion to their ownership interests.

9 (e) Refunds. If the allowable claim under this subsection exceeds the
10 taxes otherwise due under this chapter, the amount of the claim not used to
11 offset taxes under this chapter shall be certified by the department of
12 revenue to the department of administration for payment from the appropriation
13 under s. 20.835 (2) (cm) to the claimant by check, share draft or other draft.

14 (f) Deduction reduced. In computing taxes under this chapter eligible
15 employers shall reduce their deductions for wages paid by the amount of credit
16 received under this subsection.

17 (g) Administration, timeliness. Subsection (12r) (j) and (k), as it
18 applies to the credit under that subsection, applies to the credit under this
19 subsection.

20 ••87b2005/2 •• 87b2007/3••SECTION 1407m. 71.09 (12h) of the statutes is
21 created to read:

22 71.09 (12h) HANDICAPPED ACCESS CREDIT. (a) Definitions. In this
23 subsection:

24 1. "Accessible to the handicapped" means conforming to the rules promul-
25 gated under s. 101.13 (1m).

26 2. "Building or facility" means any building, structure, recreational
27 area, street, curbing, sidewalk or any access to, or accommodation in, any of
28 them. "Building or facility" includes but is not limited to bathrooms, toilet

1 stalls, dining areas, drinking fountains, phone booths and lodging rooms or
2 quarters.

3 3. "Qualified expenditure" means an expenditure that eliminates or modi-
4 fies an architectural barrier and thereby helps to make a building or facility
5 accessible to a handicapped employe. "Qualified expenditure" does not include
6 expenditures for comprehensive renovation of a building or facility or for the
7 normal replacement of depreciable property.

8 (b) Credit. Any person who makes a qualified expenditure with respect to
9 a building or facility that is located in this state and that is either used
10 in a trade or business or held for the production of income may claim as a
11 credit against taxes otherwise due under this chapter, up to the amount of
12 those taxes, an amount equal to 50% of that expenditure or \$100,000, whichever
13 is less. The credit under this paragraph may be carried forward and credited
14 against taxes otherwise due under this chapter for the following 4 taxable
15 years to the extent not offset by those taxes otherwise due in all intervening
16 years between the year in which the expense was incurred and the year in which
17 the carry-forward credit is claimed.

18 (c) Deduction precluded. No deduction may be claimed for amounts for
19 which the credit under this subsection is claimed.

20 (d) Administration, timeliness, nonclaimants. Subsection (12r) (j) to
21 (L) as it relates to the credit under that subsection applies to the credit
22 under this subsection.

23 ••87a1072/2••SECTION 1410e. 71.09 (12r) (a) of the statutes is amended to
24 read:

25 71.09 (12r) (a) Credit. For taxable year 1986 and subsequent years, any
26 corporation may credit against taxes otherwise due under this chapter an
27 amount equal to 5% of the amount obtained by subtracting from the corpora-
28 tion's qualified research expenses, as defined in section ~~30~~ 41 of the

1 internal revenue code, except that "qualified research expenses" includes only
2 expenses incurred by the claimant, incurred for research conducted in this
3 state for the taxable year the corporation's base period research expenses, as
4 defined in section ~~30~~ 41 of the internal revenue code.

5 ••87a1072/2••SECTION 1410m. 71.09 (12r) (b) of the statutes is amended to
6 read:

7 71.09 (12r) (b) Adjustments. For taxable year 1985 and subsequent years,
8 adjustments for acquisitions and dispositions of a major portion of a trade or
9 business shall be made under section ~~30~~ 41 of the internal revenue code as
10 limited by this subsection.

11 ••87a1072/2••SECTION 1410s. 71.09 (12rf) (a) of the statutes is amended
12 to read:

13 71.09 (12rf) (a) Credit. For taxable year 1986 and subsequent years, any
14 corporation may credit against taxes otherwise due under this chapter an
15 amount equal to 5% of the amount paid or incurred by that corporation during
16 the taxable year to construct and equip new facilities or expand existing
17 facilities used in this state for qualified research, as defined in section ~~30~~
18 41 of the internal revenue code. Eligible amounts include only amounts paid
19 or incurred for tangible, depreciable property but do not include amounts paid
20 or incurred for replacement property.

21 ••87-2303/4••SECTION 1439. 71.09 (13) (cm) of the statutes is amended to
22 read:

23 71.09 (13) (cm) In any case in which it is determined that a claim under
24 ~~sub. (7), (7m), (11), (12), 1983 stats., (12m), (12r) or (12rf) for a credit~~
25 under this section is or was false or excessive and was filed with fraudulent
26 intent, the claim shall be disallowed in full and, if the claim has been paid
27 or a credit has been allowed against income taxes otherwise payable, the
28 credit shall be canceled and the amount paid may be recovered by assessment as

1 income taxes are assessed and the assessment shall bear interest from the due
2 date of the claim, until refunded or paid, at the rate of 1.5% per month. The
3 claimant in such case, and any person who assisted in the preparation or
4 filing of the false or excessive claim or supplied information upon which the
5 false or excessive claim was prepared, with fraudulent intent, ~~is guilty of a~~
6 ~~felony and~~ may be fined not to exceed \$10,000 or imprisoned not to exceed 5
7 years or both, together with the cost of prosecution. In any case in which it
8 is determined that a claim is ~~or was~~ excessive and was negligently prepared,
9 10% of the corrected claim shall be disallowed and, if the claim has been paid
10 or credited against income taxes otherwise payable, the credit shall be
11 reduced or canceled and the proper portion of any amount paid shall be simi-
12 larly recovered by assessment as income taxes are assessed and the assessment
13 shall bear interest at the rate of 1.5% per month from the due date of the
14 claim.

15 ••87a1073/2••SECTION 1439cd. 71.10 (1) (a) of the statutes is amended to
16 read:

17 71.10 (1) (a) All corporations doing business in this state shall also
18 file with the department on or before March 15 of each year on forms pre-
19 scribed by the department, a statement of such transfers of its capital stock
20 as have been made by or to residents of this state during the preceding
21 calendar year. Such schedule shall contain the name and address of the
22 seller, date of transfer, and the number of shares of stock transferred; and
23 such corporation shall also file with the department on or before March 15 of
24 each year any information relative to payments made within the preceding
25 calendar year of rents, ~~and royalties, interest, dividends and liquidating~~
26 ~~dividends~~ to persons taxable thereon under this chapter in amounts and in the
27 manner and form prescribed by the department.

28 SECTION 1439ch. 71.10 (1) (am) of the statutes is created to read:

1 71.10 (1) (am) Each corporation that is required to file a return under
2 this subsection shall file with that return a copy of its federal income tax
3 return for the same taxable year.

4 SECTION 1439cp. 71.10 (1) (d) of the statutes is amended to read:

5 71.10 (1) (d) A tax-option corporation shall file with its state fran-
6 chise or income tax return an exact copy of its federal income tax return for
7 the same year and shall file any other return or statement filed with or made
8 to, or any document received from, the U.S. internal revenue service, and any
9 form required of that corporation and prescribed by the department of revenue,
10 affecting the taxation of its shareholders.

11 SECTION 1439ct. 71.10 (2) (a) 5. a of the statutes is amended to read:

12 71.10 (2) (a) 5. a. Every natural person domiciled in this state during
13 the entire taxable year having gross income of \$5,200 or more if under 65
14 years of age, or \$5,700 or more if 65 years of age or over, and every married
15 person who files jointly and is domiciled in this state during the entire
16 taxable year having gross income during the year when the joint gross income
17 of the married person and his or her spouse is \$7,200 or more if both are
18 under 65 years of age; \$7,700 or more if one spouse is under 65 years of age
19 and the other spouse is 65 years of age or over; or \$8,200 or more if both are
20 65 years of age or over; and every married person who files separately and is
21 domiciled in this state during the entire taxable year and has gross income of
22 \$3,420 or more. The department of revenue shall annually adjust the dollar
23 amounts of the filing requirements so as to reflect changes in the standard
24 deduction ~~under s. 71.02 (2) (kr).~~

25 SECTION 1439d. 71.10 (3m) (a) of the statutes is amended to read:

26 71.10 (3m) (a) Corporations may not change their basis of reporting from a
27 calendar year to a fiscal year, from a fiscal year to a calendar year, or from
28 one fiscal year to another without first obtaining the approval of the

1 department of revenue unless the internal revenue service has approved the
2 change or unless the change, including a change to a short taxable year, is
3 required by the internal revenue code before approval by the internal revenue
4 service and the reason for the change is explained in the first return filed
5 for the new taxable year. Corporations that make changes on the basis of
6 federal changes shall submit a copy of the internal revenue service's notice
7 of approval or requirement to the department of revenue along with the return
8 for the first taxable year for which the change applies.

9 SECTION 1439dd. 71.10 (3m) (c) of the statutes is amended to read:

10 71.10 (3m) (c) When a separate corporation income tax return is made for
11 a fractional part of a year the income shall be computed and reported on the
12 basis of the period for which the separate return is made, and such fractional
13 part of a year shall constitute an income year, except that if a corporation
14 terminates, under section 1362 (d) (1) or (2) of the internal revenue code,
15 its election to be treated as an S corporation for federal income tax purposes
16 the corporation may allocate its items of income, loss or deduction between
17 its short taxable year as a tax-option corporation and its short taxable year
18 as a nontax-option corporation according to the method under section 1362 (e)
19 (2) of the internal revenue code.

20 SECTION 1439dh. 71.10 (5) (a) of the statutes is amended to read:

21 71.10 (5) (a) In the case of a corporation required to file a return,
22 when sufficient reason is shown, the department of revenue may on written
23 request allow such further time for making and delivering the return as is
24 considered necessary, not to exceed 30 days or in the case of a cooperative
25 filing a return or a domestic international sales corporation, as defined in
26 s. 71.11 (7r), not to exceed 6 months. Any extension of time granted by law
27 or by the internal revenue service for the filing of corresponding federal
28 returns shall extend the time for filing under this chapter if a copy of any

1 extension requested of the internal revenue service is filed with the return.
2 Termination of an automatic extension by the internal revenue service, or its
3 refusal to grant such automatic extension, shall similarly require that any
4 returns due under this chapter are due on or before the date for termination
5 fixed by the internal revenue service. Except as ~~provided in s. 71.22 (9) (b)~~
6 for payments of estimated taxes, income taxes payable upon the filing of the
7 tax return shall not become delinquent during such extension period, but shall
8 be subject to interest at the rate of 12% per year during such period.

9 SECTION 1439dp. 71.10 (9) (f) of the statutes is created to read:

10 71.10 (9) (f) No person is required to pay a balance due of less than \$1.

11 SECTION 1439dt. 71.10 (10) (a) of the statutes is amended to read:

12 71.10 (10) (a) Except as provided in ss. 46.255, ~~71.04 (15)~~, 71.105 and
13 71.11 (21) (d) and (g) 2, the provisions for refunds and credits provided in
14 this subsection shall be the only method for the filing and review of claims
15 for refund of income and surtaxes, and no person may bring any action or pro-
16 ceeding for the recovery of such taxes other than as provided in this
17 subsection.

18 SECTION 1439e. 71.10 (10) (bn) of the statutes is amended to read:

19 71.10 (10) (bn) With respect to income taxes and franchise taxes, except
20 as otherwise provided in pars. (e) and (h), sub. (11) and ~~ss. 71.04 (15) (d)~~
21 ~~and s.~~ 71.11 (21) (g) 2, refunds may be made if the claim therefor is filed
22 within 4 years of the unextended date under this section on which the tax
23 return was due.

24 SECTION 1439ed. 71.10 (10) (c) of the statutes is amended to read:

25 71.10 (10) (c) No refund shall be made on the over-withholding or
26 over-declaration of estimated income taxes or franchise taxes with respect to
27 any person for any income year in an amount less than \$2 ~~unless such refund is~~

1 ~~specifically applied for on the return of such person reporting his income for~~
2 ~~such year \$1.~~

3 ••87a1073/2••SECTION 1439eh. 71.10 (15) of the statutes is amended to
4 read:

5 71.10 (15) Persons deducting rent, ~~interest, dividends~~ or royalties in
6 determining taxable income, shall inform the department of the amounts and of
7 the name and address of all residents of this state to whom ~~interest, divi-~~
8 ~~dends~~ or royalties of \$600 or more were paid during the income year; and of
9 the amounts and of the name and address of residents and nonresidents to whom
10 rent of \$600 or more is paid during the income year for property having a
11 situs in this state. Such information shall be submitted on forms prescribed
12 by the department and shall be filed at the time of filing the income tax
13 return on which such payments are deducted, or at such other time as the
14 department prescribes.

15 ••87b1509/2 •• 87b2007/3••SECTION 1439em. 71.102 of the statutes is
16 created to read:

17 71.102 DEFERRAL OF TAXES ON INCREASED EXPORTS. (1) DEFINITIONS. In
18 this section:

19 (a) "Base period treasury bill rate" means the rate of return, as calcu-
20 lated by the department of revenue, of the average yield of U.S. treasury
21 bills that mature in 52 weeks and that were auctioned during the one-year
22 period ending on September 30 of the taxable year.

23 (b) "Export property" means property that is manufactured, produced,
24 grown or extracted for direct use, consumption or disposition outside this
25 country and to which value is added in this state.

26 (c) "Foreign trading receipts" means receipts from invoices issued by a
27 seller directly to an unrelated purchaser outside this country from one of the
28 following activities:

1 1. The sale, exchange or other disposition of export property outside
2 this country.

3 2. The lease or rental of export property that is used by the lessee or
4 renter outside this country.

5 3. The performance of services, including but not limited to maintenance
6 and training, that are related to or subsidiary to an activity under subd. 1
7 or 2.

8 4. The performance of engineering, architectural or consulting services
9 for projects that are outside this country.

10 (e) "Increase in gross income from foreign trading receipts" means the
11 amount by which the gross income from foreign trading receipts for the taxable
12 year exceeds the average of the annual gross income from foreign trading
13 receipts for the 3 taxable years preceding the taxable year.

14 (f) "Tax attributable to an increase in gross income from foreign trading
15 receipts" means the tax otherwise due under this chapter multiplied by a
16 fraction the numerator of which is increase in gross income from foreign
17 trading receipts and the denominator of which is total income.

18 (2) DEFERRAL. Any taxpayer, except a corporation that has a subsidiary
19 that is a domestic international sales corporation or a foreign sales
20 corporation, may defer the tax attributable to an increase in gross income
21 from foreign trading receipts until the taxpayer either intentionally stops
22 the activities under sub. (1) (c) or has no foreign trading receipts for 3
23 consecutive taxable years or fails to pay deferred taxes when they are due or
24 for 5 taxable years, whichever occurs first, if the 3-year average under sub.
25 (1) (c) is \$10,000,000 or less and if the taxpayer, on or before the
26 unextended due date of the return under this chapter, pays interest at the
27 base period treasury bill rate on all taxes deferred under this subsection in
28 previous taxable years.

1 (3) RECAPTURE. If a taxpayer fails timely to pay the interest under sub.
2 (2), all taxes deferred under sub. (2) are due on the date when the interest
3 is due.
4 SECTION 1439ep. 71.11 (8) (a) of the statutes is repealed and recreated
5 to read:

6 71.11 (8) (a) A corporation shall use a method of accounting authorized
7 under the internal revenue code and shall use the same method used for federal
8 income tax purposes if that method is authorized under the internal revenue
9 code.

10 SECTION 1439et. 71.11 (8) (b) of the statutes is repealed and recreated
11 to read:

12 71.11 (8) (b) A corporation that changes its method of accounting shall
13 make the adjustments required under the internal revenue code, except that in
14 the last year that a corporation is subject to taxation under this chapter it
15 shall take into account all of the remaining adjustments required by this
16 chapter because of a change in method of accounting.

17 SECTION 1439f. 71.11 (8m) of the statutes is created to read:

18 71.11 (8m) INSTALMENT METHOD; DISTRIBUTIONS AND FINAL YEAR. A corpora-
19 tion entitled to use the instalment method of accounting shall take the unre-
20 ported balance of gain on all instalment obligations into income in the tax-
21 able year of their distribution, transfer or acquisition by another person or
22 for the final taxable year for which it files or is required to file a return
23 under this chapter, whichever year occurs first.

24 SECTION 1439fd. 71.11 (9) of the statutes is repealed.

25 SECTION 1439fh. 71.11 (21) (f) of the statutes is created to read:

26 71.11 (21) (f) If the department of revenue determines that a liability
27 exists under this chapter and that the liability may be owed by more than one

1 person, the department may assess the entire amount to each person, specifying
2 that it is assessing in the alternative.

3 SECTION 1439fp. 71.11 (21) (g) 2 of the statutes is amended to read:

4 71.11 (21) (g) 2. If notice of assessment or refund is given to the tax-
5 payer within 90 days of the date on which the department receives a report
6 from the taxpayer under sub. (21m) or within such other period specified in a
7 written agreement entered into prior to the expiration of such 90 days by the
8 taxpayer and the department. If the taxpayer does not report to the depart-
9 ment as required under sub. (21m), the department may make an assessment
10 against the taxpayer or refund to the taxpayer within 4 years after discovery
11 by the department ~~of the requirement of such reports within 10 years after the~~
12 ~~date on which the tax return is filed or within 2 years after the date when~~
13 ~~the federal determination of tax becomes final, whichever is later. The~~
14 ~~limitations under this subdivision in respect to taxpayers who do not report~~
15 ~~to the department do not apply to assessments made under par. (e).~~

16 ••87a1073/2••SECTION 1439ft. 71.11 (25) of the statutes is amended to
17 read:

18 71.11 (25) FAILURE OF NATURAL PERSONS AND FIDUCIARIES TO FILE INFORMATION
19 RETURNS. The department may assess as an addition to taxable income the
20 amount of deductions taken in arriving at federal adjusted gross income or
21 federal taxable income by natural persons and fiduciaries for wages, rent,
22 interest or royalties, upon failure to file information returns concerning
23 such payments where required under s. 71.10 (8), (8m), (8n) and (15). Such
24 assessments shall be made and reviewed in the same manner as other income tax
25 assessments.

26 SECTION 1439g. 71.11 (44) (a) of the statutes is repealed.

27 ••87b0484/2••SECTION 1439m. 71.11 (44) (b) of the statutes is amended to
28 read:

1 71.11 (44) (b) The Upon request, the department shall make available upon
2 suitable forms prepared by the department information setting forth the net
3 Wisconsin income tax, Wisconsin franchise tax or Wisconsin gift tax reported
4 as paid or payable in the returns filed by any individual or corporation, or
5 by all corporations filing a return under this chapter, for any individual
6 year upon request. Before the request is granted, the person desiring to
7 obtain the information shall prove his or her identity and shall be required
8 to sign a statement setting forth the person's address and reason for making
9 the request and indicating that the person understands the provisions of this
10 subsection with respect to the divulgement, publication or dissemination of
11 information obtained from returns as provided in par. (a). The use of a
12 fictitious name is a violation of this subsection. Within 24 hours after any
13 information from any such tax return has been so obtained, the department
14 shall mail to the person from whose return the information has been obtained a
15 notification which shall give the name and address of the person obtaining the
16 information and the reason assigned for requesting the information. The
17 department shall collect from the person requesting the information a fee of
18 \$4 for each return or, if the person requests information on all corporations
19 that file a return, the fee required to reimburse the department for the cost
20 of providing the information, but not to exceed \$250.

21 ••87b1057/1 •• 87b1226/2••SECTION 1439s. 71.11 (44) (c) (intro.) of the
22 statutes is amended to read:

23 71.11 (44) (c) (intro.) Subject to pars. (d) and (e) and to rules of the
24 department, any income, franchise, withholding, fiduciary, partnership or gift
25 tax returns or claims specified under par. (a) or any schedules, exhibits,
26 writings or audit reports pertaining to the returns or claims on file with the
27 department shall be open to examination by only the following persons and the
28 contents thereof may be divulged or used only as follows:

1 ••87b1057/1 •• 87b1226/2••SECTION 1440p. 71.11 (44) (d) of the statutes
2 is amended to read:

3 71.11 (44) (d) Copies of returns and claims specified in par. ~~(a)~~ (c)
4 (intro.) and related schedules, exhibits, writings or audit reports shall not
5 be furnished to the persons listed under par. (c), except persons under par.
6 (c) 5 or under an agreement between the department of revenue and another
7 agency of government.

8 ••87b1057/1 •• 87b1226/2••SECTION 1440g. 71.11 (44) (g) 1 (intro.) of the
9 statutes is amended to read:

10 71.11 (44) (g) 1. (intro.) Such information may be examined for use in
11 preparation for any judicial proceeding or any investigation which may result
12 in a judicial proceeding involving any of the taxes or tax credits specified
13 in par. ~~(a)~~ (c) (intro.) if:

14 SECTION 1441m. 71.11 (44m) of the statutes is amended to read:

15 71.11 (44m) (title) SAME; RETIREMENT PLANS. Any person who is liable for
16 a penalty for federal income tax purposes under section 72 (g) and (t), 408
17 (f), 4973, 4974 or 4975 of the internal revenue code or section 1133 of the
18 tax reform act of 1986 is liable for 33% of the federal penalty. The pen-
19 alties provided under this subsection shall be assessed, levied and collected
20 in the same manner as income taxes.

21 SECTION 1442m. 71.135 (1m) of the statutes is amended to read:

22 71.135 (1m) The department may give notice to any employer deriving
23 income having a taxable situs in this state (regardless of whether any such
24 income is exempt from taxation) to the effect that an employe of such employer
25 is delinquent in a certain amount with respect to state taxes, including
26 penalties, interest and costs. Such notice may be served by certified mail,
27 or by delivery by an employe of the department of revenue. Upon receipt of
28 such notice of delinquency, the employer shall withhold from compensation due

1 or to become due to the employe, the total amount shown by the notice. The
2 department may arrange between the employer and the employe for a withholding
3 of an amount not less than 10% of the total amount due the employe each pay
4 period, until the total amount as shown by the notice, plus interest, has been
5 withheld. The employer shall not withhold more than 25% of the compensation
6 due any employe for any one pay period, except that, if the employe leaves the
7 employ of the employer or gives notice of his or her intention to do so, or is
8 discharged for any reason, the employer shall withhold the entire amount
9 otherwise payable to such employe, or so much thereof as may be necessary to
10 equal the unwithheld balance of the amount shown in the notice of delinquency,
11 plus delinquent interest. In crediting amounts withheld against delinquent
12 taxes of an employe, the department shall apply amounts withheld in the
13 following order: costs, penalties, delinquent interest, delinquent tax. The
14 "compensation due" any employe for purposes of determining the 25% maximum
15 withholding for any one pay period shall include all wages, salaries and fees
16 constituting ~~gross income under s. 71.03 (1) (a)~~, including wages, salaries,
17 income advances or other consideration paid for future services, when paid to
18 an employe, less amounts payable pursuant to a garnishment action with respect
19 to which the employer was served prior to being served with the notice of
20 delinquency and any amounts covered by any irrevocable and previously effec-
21 tive assignment of wages, of which amounts and the facts relating to such
22 assignment the employer shall give notice to the department within 10 days
23 after service of the notice of delinquency.

24 SECTION 1443m. 71.135 (3) of the statutes is amended to read:
25 71.135 (3) The employer shall, on or before the last day of the next
26 month after every calendar quarter, remit to the department the amount with-
27 held during the calendar quarter. Any amount withheld from an employe by an
28 employer shall immediately be a trust fund for this state. Should any

1 employer, after notice, wilfully fail to withhold in accordance with the
2 notice and this section, or wilfully fail to remit any amount withheld, as
3 required by this section, such employer shall be liable for the total amount
4 set forth in the notice together with delinquent interest as though the amount
5 shown by the notice was due by such employer as a direct obligation to the
6 state for delinquent taxes, and may be collected by any means provided by law
7 including the means provided for the collection of delinquent income taxes.
8 However, no amount required to be paid by an employer by reason of his or her
9 failure to remit under this section may be deducted from the gross income of
10 such employer, ~~under either s. 71.04 or 71.05~~. Any amount collected from the
11 employer for failure to withhold or for failure to remit under this section
12 shall be credited as tax, costs, penalties and interest paid by the employe.

13 SECTION 1444m. 71.19 (5) (intro.) of the statutes is amended to read:

14 71.19 (5) (intro.) "Wages" means all remuneration, other than fees paid
15 to a public official, for services performed by an employe for an employer,
16 including cash value of all remuneration paid in any medium other than cash
17 and remuneration paid to an entertainer or entertainment corporation. ~~The~~
18 ~~term shall, minus the amount of remuneration not subject to tax under this~~
19 chapter, but does not include remuneration paid:

20 SECTION 1445m. 71.20 (2m) of the statutes is amended to read:

21 71.20 (2m) The department shall from time to time adjust the withholding
22 tables to reflect any changes in income tax rates, any applicable surtax or
23 any changes in dollar amounts in s. 71.09 (1b), (1c) ~~or (1f)~~ to (1h) resulting
24 from statutory changes. ~~On January 1, 1987, and on each January 1 thereafter~~
25 ~~the department shall adjust the tables to reflect changes under s. 71.09 (2).~~
26 ~~No adjustment of the withholding tables is required unless the adjustment~~
27 ~~under s. 71.09 (2) is 4% or more.~~ The tables shall be extended to cover from
28 zero to 10 withholding exemptions, shall assume that the payment of wages in

1 each pay period will, when multiplied by the number of pay periods in a year,
2 reasonably reflect the annual wage of the employe from the employer and shall
3 be based on the further assumption that the annual wage will be reduced for
4 allowable deductions from gross income. The department may determine the
5 length of the tables and a reasonable span for each bracket. In preparing the
6 tables the department shall adjust all withholding amounts not an exact
7 multiple of 10 cents to the next highest figure that is a multiple of 10
8 cents. The department shall also provide instructions with the tables for
9 withholding with respect to quarterly, semiannual and annual pay periods.

10 SECTION 1446m. 71.20 (25) of the statutes is created to read:

11 71.20 (25) Withholding from marital income shall be allocated between
12 taxpayers in the same manner that income is allocated or would be allocated.

13 SECTION 1447m. 71.21 (title) of the statutes is amended to read:

14 71.21 (title) PAYMENTS OF ESTIMATED TAXES BY INDIVIDUALS, ESTATES AND
15 TRUSTS.

16 SECTION 1448m. 71.21 (1) of the statutes is amended to read:

17 71.21 (1) Every individual, estate and trust deriving income subject to
18 taxation under this chapter, other than wages as defined in s. 71.19 (5) upon
19 which taxes are withheld by the individual's employer under s. 71.20, shall
20 ~~make a declaration of pay estimated income tax if the total tax on income of~~
21 ~~the year can reasonably be expected to exceed withholding on wages paid in the~~
22 ~~year by \$60 or more for taxable years prior to 1981 or by \$100 or more for~~
23 ~~taxable year 1981 and thereafter. The declaration shall contain such~~
24 ~~information as the department by rule or form prescribes and alternative~~
25 minimum tax. This section does not apply to the first or 2nd taxable year of
26 an estate or to any person on active duty with the U.S. armed forces while
27 stationed outside the continental United States.

28 SECTION 1449m. 71.21 (1m) (a) of the statutes is repealed.

1 SECTION 1450m. 71.21 (1m) (am) of the statutes is created to read:

2 71.21 (1m) (am) If no return is filed, or a return is filed the tax com-
3 puted on which is less than 75% of the tax properly due and the addition to
4 tax under this section is \$300 or more, "return" means a return that would
5 show the tax properly due. If a return is timely filed and if either the tax
6 computed on it is at least 75% of the tax properly due or the addition to tax
7 under this section is less than \$300, "return" means that timely return. If a
8 return is filed late and if either the tax computed on it is at least 75% of
9 the tax properly due or the addition to tax under this section is less than
10 \$300, "return" means the first return filed after the due date or after the
11 due date as extended.

12 SECTION 1451m. 71.21 (1m) (b) of the statutes is amended to read:

13 71.21 (1m) (b) "Tax shown on the return" and "tax for the taxable year"
14 mean the net tax imposed under s. 71.01 (1) after reduction for exemptions to,
15 and credits against, that tax but before reduction by amounts withheld under
16 s. 71.20 and before reduction for amounts paid as ~~declarations~~ of estimated
17 tax under this section for that tax plus the tax imposed under s. 71.60 before
18 reduction for amounts paid as estimated tax under this section for that tax.

19 SECTION 1452m. 71.21 (2) of the statutes is repealed.

20 SECTION 1453m. 71.21 (3) of the statutes is amended to read:

21 71.21 (3) ~~Declarations~~ Payments of estimated income tax required by sub.
22 (1) from farmers or fishers may be ~~filed~~ made at any time on or before the
23 15th day of the first month of the succeeding taxable year. For purposes of
24 this section, farmers or fishers are individuals, estates or trusts whose
25 estimated gross income from farming or fishing for the taxable year is at
26 least two-thirds of the total estimated gross income from all sources for the
27 taxable year or individuals, estates or trusts whose gross income from farming
28 or fishing for the preceding taxable year was at least two-thirds of the total

1 gross income from all sources shown on that return. If a person files a joint
2 return, the income of both that person and that person's spouse shall be
3 considered in determining whether the person is a farmer or fisher for pur-
4 poses of this subsection.

5 SECTION 1454m. 71.21 (5) (intro.) and (a) to (c) of the statutes are
6 repealed.

7 SECTION 1455m. 71.21 (5) (d) of the statutes is renumbered 71.21 (5) and
8 amended to read:

9 71.21 (5) ~~If the declaration is filed after the fifteenth day of the~~
10 ~~ninth month of the income year, the entire amount shall be paid with the~~
11 ~~filing of the declaration.~~ All payments of estimated tax shall be made to the
12 department at its offices in Madison unless the department, by rule, pre-
13 scribes another place of payment.

14 SECTION 1456m. 71.21 (5) (e) of the statutes is renumbered 71.21 (5m) and
15 amended to read:

16 71.21 (5m) If the taxpayer claims a refund on any tax return ~~due on or~~
17 ~~after April 15, 1966,~~ and, concurrent with or subsequent to the filing of the
18 return upon which such refund is claimed, ~~is required to file a declaration of~~
19 pay an estimated tax, and at the time of ~~filing such declaration such~~ paving
20 that tax the refund has not been paid, he or she may deduct the amount of such
21 refund from ~~his~~ the first instalment of estimated taxes, and any excess from
22 the succeeding instalments. ~~If he later receives such refund he shall file an~~
23 ~~amended declaration with the instalment next due on his original declaration~~
24 ~~and, if such a refund is paid after the due date of the last instalment on the~~
25 ~~original declaration, the, its receipt of such refund must shall be~~ reflected
26 on the income tax return covering the year ~~of the declaration.~~ If the refund
27 claim is determined to be excessive in whole or in part at any time prior to
28 the due date of the last instalment of the original declaration, an amended

1 ~~declaration reflecting the disallowance of some or all of such refund must be~~
2 ~~filed on the due date for the next instalment under the original declaration,~~
3 ~~and if. If the refund is disallowed in whole or in part after the due date of~~
4 ~~the last instalment of the original declaration, such, that disallowance must~~
5 ~~be reflected on the income tax return covering the year of the declaration.~~

6 SECTION 1457m. 71.21 (7) of the statutes is repealed.

7 SECTION 1458m. 71.21 (8) of the statutes is amended to read:

8 71.21 (8) ~~If~~ Except as provided in sub. (1m) (am), if on or before the
9 first day of the 3rd month of the succeeding taxable year a farmer or a fisher
10 files a return for the taxable year, for which ~~a declaration was~~ estimated
11 taxes were required on or before the 15th day of the first month of the suc-
12 ceeding taxable year under sub. (3), and pays in full the amount computed on
13 the return as payable, then ~~such return shall be considered as such~~
14 ~~declaration, and, as such, shall be deemed timely filed~~ that payment satisfies
15 any required estimated tax instalments.

16 SECTION 1459m. 71.21 (11) of the statutes is amended to read:

17 71.21 (11) ~~In~~ Except as provided in sub. (12), in the case of any under-
18 payment of estimated tax by an individual, estate or trust, except as herein-
19 after provided, there shall be added to the aggregate tax for the taxable year
20 an amount determined at the rate of 12% per year on the amount of the under-
21 payment for the period of the underpayment. In this subsection, "the period
22 of the underpayment" means the time period from the due date of the instalment
23 until either the 15th day of the 4th month beginning after the end of the
24 taxable year or the date of payment, whichever is earlier.

25 SECTION 1460m. 71.21 (12) of the statutes is repealed and recreated to
26 read:

27 71.21 (12) No addition to tax is required under sub. (11) if any of the
28 following conditions apply:

1 (a) The tax shown on the return or, if no return is filed, the tax, minus
2 amounts withheld under s. 71.20, is less than \$200.

3 (b) The preceding taxable year was 12 months, the taxpayer had no
4 liability under s. 71.01 (1) or 71.60 for that year and the taxpayer was a
5 resident of this state for all of that year.

6 (c) The secretary of revenue determines that because of casualty, disas-
7 ter or other unusual circumstances it is not equitable to impose an addition
8 to tax.

9 (d) The secretary of revenue determines that the taxpayer retired during
10 the taxable year or during the preceding taxable year after having attained
11 age 62 or becoming disabled and that the underpayment was due to reasonable
12 cause and not due to wilful neglect.

13 SECTION 1461m. 71.21 (13) of the statutes is repealed and recreated to
14 read:

15 71.21 (13) Taxpayers shall make estimated payments in 4 instalments, on
16 or before the 15th day of each of the following months:

17 (a) The 4th month of the taxable year.

18 (b) The 6th month of the taxable year.

19 (c) The 9th month of the taxable year.

20 (d) The first month of the next taxable year.

21 SECTION 1462m. 71.21 (14) of the statutes is repealed and recreated to
22 read:

23 71.21 (14) (a) Except as provided in pars. (b), (bm) and (c), the amount
24 of each instalment required under sub. (12) is 25% of the lower of the
25 following amounts:

26 1. Ninety percent of the tax shown on the return for the taxable year or,
27 if no return is filed, 90% of the tax for the taxable year.

28 2. The tax shown on the return for the preceding year.

1 (b) Paragraph (a) 2 does not apply if the preceding taxable year was less
2 than 12 months or if the taxpayer did not file a return for the preceding
3 taxable year.

4 (bm) Paragraph (a) 2 does not apply if the taxpayer is an estate or trust
5 and has a taxable income of \$20,000 or more.

6 (c) If 22.5% for the first instalment, 45% for the 2nd instalment, 67.5%
7 for the 3rd instalment and 90% for the 4th instalment of the tax for the tax-
8 able year computed by annualizing, under methods prescribed by the department
9 of revenue, the taxpayer's income for the months in the taxable year ending
10 before the instalment's due date is less than the instalment required under
11 par. (a), the taxpayer may pay the amount under this paragraph rather than the
12 amount under par. (a). Any taxpayer who pays an amount calculated under this
13 paragraph shall increase the next instalment computed under par. (a) by an
14 amount equal to the difference between the amount paid under this paragraph
15 and the amount that would have been paid under par. (a).

16 SECTION 1463m. 71.21 (15) of the statutes is repealed and recreated to
17 read:

18 71.21 (15) The estimated tax under this section shall be applied to tax-
19 able years of less than 12 months under rules promulgated by the department of
20 revenue.

21 SECTION 1464m. 71.21 (16) of the statutes is repealed.

22 SECTION 1465m. 71.21 (18) of the statutes is amended to read:

23 71.21 (18) If a taxpayer files his a return for a calendar year on or
24 before January 31 of the succeeding calendar year (or if a taxpayer on a
25 fiscal year basis files his a return on or before the last day of the first
26 month immediately succeeding the close of such fiscal year) and pays in full
27 at the time of such filing the amount computed on the return as payable, then,
28 ~~if a declaration is~~ estimated taxes are not required to be ~~filed~~ paid on or

1 before the ~~fifteenth~~ 15th day of the ninth 9th month of the income year but ~~is~~
2 ~~are~~ required to be ~~filed~~ paid on or before January 15 of the succeeding income
3 year (or the date corresponding thereto in the case of a fiscal year), such
4 return shall be considered as such ~~declaration, or, if a declaration was filed~~
5 ~~during the income year, such return shall be considered as an amendment of the~~
6 ~~declaration permitted to be filed under sub. (7)~~ payment.

7 SECTION 1466m. 71.21 (19) (a) to (c) of the statutes are amended to read:

8 71.21 (19) (a) Any individual deriving income from wages, as defined in
9 s. 71.19 (5), which is subject to taxation under this chapter ~~during the~~
10 ~~calendar year 1963 or any calendar or fiscal year after January 1, 1963,~~
11 ~~shall, if he files a declaration of estimated tax and who~~ pays 100 per cent $\frac{1}{2}$
12 of the estimated tax for the following calendar or income year on or before
13 the last day of the current calendar or income year, ~~be~~ is entitled to com-
14 plete exemption from payroll withholding under ss. 71.19 and 71.20 for such
15 following calendar or income year.

16 (b) No employer shall recognize exemption from payroll withholding for
17 any employe ~~unless he first furnishes~~ who does not furnish a certificate pre-
18 pared by the department of revenue satisfactorily showing that the employe has
19 ~~filed a declaration of paid the~~ estimated tax and ~~prepaid the~~ estimated tax
20 within the time and manner prescribed in this subsection with respect to the
21 calendar or income year for which such exemption is sought.

22 (c) So far as applicable the ~~penalties~~ additions to tax prescribed in
23 this section shall apply to ~~declarations of estimated income tax filed~~ taxes
24 paid under this subsection and ~~persons making and filing the same.~~

25 SECTION 1467m. 71.21 (20) of the statutes is amended to read:

26 71.21 (20) Married persons may ~~file a joint declaration of~~ jointly pay
27 estimated ~~tax~~ taxes unless either spouse is a nonresident alien or the spouses
28 have different taxable years. If they do ~~file a joint declaration of esti-~~

1 ~~mated tax pay jointly~~, the provisions under this section applicable to indi-
2 viduals are applicable to the married persons jointly. If a married person
3 files a separate return for a taxable year for which a joint declaration of
4 ~~estimated tax was previously filed~~ payment was made, the payments under the
5 ~~joint declaration of estimated tax~~ may be allocated between themselves as they
6 choose, but if they do not agree on an allocation the department of revenue
7 shall allocate the payments to each spouse on the basis of the ratio of taxes
8 shown on their separate returns or pursuant to default assessment under s.
9 71.11 (4) and (5). If either spouse files a separate declaration of estimated
10 ~~tax~~ pays separately, no part of the payment ~~on one declaration~~ may be allo-
11 cated to the ~~declaration of the other spouse~~.

12 SECTION 1468m. 71.22 of the statutes is repealed and recreated to read:

13 71.22 PAYMENTS OF ESTIMATED TAXES BY CORPORATIONS. (1) In this section:

14 (a) If no return is filed, or a return is filed the tax computed on which
15 is less than 75% of the tax properly due and the addition to tax under sub.
16 (7) is \$300 or more, "return" means a return that would show the tax properly
17 due. If a return is timely filed and if either the tax computed on it is at
18 least 75% of the tax properly due or the addition to tax under sub. (7) is
19 less than \$300, "return" means that timely return. If a return is filed late
20 and if either the tax computed on it is at least 75% of the tax properly due
21 or the addition to tax under sub. (7) is less than \$300, "return" means the
22 first return filed after the due date or after the due date as extended.

23 (b) "Tax shown on the return" and "tax for the taxable year" mean the net
24 taxes imposed under ss. 71.01 and 71.61 after reduction for credits against
25 those taxes but before reduction for amounts paid as estimated tax under this
26 section.

1 (2) Every corporation subject to tax under s. 71.01 or 71.61 shall pay an
2 estimated tax to the department of revenue at its offices in Madison unless
3 the department, by rule, prescribes another place of payment.

4 (3) If a corporation claims a refund on any tax return and, concurrent
5 with or subsequent to filing the return upon which that refund is claimed, is
6 required to pay an estimated tax, and at the time of paying that tax the
7 refund has not been paid, the corporation may deduct the amount of that refund
8 from the first instalment of estimated taxes and may deduct any excess from
9 the succeeding instalments.

10 (4) Any instalment of the estimated tax under this section may be paid
11 before the due date.

12 (5) Application of this section to taxable years of less than 12 full
13 months shall be made under the department of revenue's rules.

14 (6) If the amount of an instalment payment of estimated tax exceeds the
15 amount determined to be the correct amount of that payment, the overpayment
16 shall be credited against the next unpaid instalment.

17 (7) Except as provided in sub. (8), in the case of any underpayment of
18 estimated tax under this section there shall be added to the aggregate tax for
19 the taxable year an amount determined at the rate of 12% per year on the
20 amount of the underpayment for the period of the underpayment. In this
21 subsection, "period of the underpayment" means the time period from the due
22 date of the instalment until either the 15th day of the 3rd month beginning
23 after the end of the taxable year or the date of payment, whichever is
24 earlier. Any estimated taxes not paid by the 15th day of the 3rd month
25 following the close of the taxable year, along with any addition to the tax
26 due, shall accrue delinquent interest under s. 71.13 (1) (a).

27 (8) No addition to tax is required under sub. (7) for a corporation if
28 any of the following conditions apply: