

1999 DRAFTING REQUEST

Bill

Received: 02/25/2000

Received By: jkreye

Wanted: Soon

Identical to LRB: 99-4631

For: John Gard (608) 266-2343

By/Representing:

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters: isagerro

Subject: Tax - miscellaneous
Gambling - lottery

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Internal Revenue Code update; lottery prize assignment

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 02/25/2000	csicilia 02/25/2000		_____			State Tax
/1			martykr 02/25/2000	_____	lrb_docadmin 02/25/2000	lrb_docadmin 02/25/2000	

FE Sent For:

<END>

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1?	jkreye	1 cgs 2/25 00	*m 2/25	SELB 2/25			

FE Sent For:

<END>

4635/1

1999 BILL

815R

in 2-25-2000

TODAY

1 AN ACT *to repeal* 71.01 (6) (f), 71.22 (4) (f), 71.22 (4m) (d), 71.26 (2) (b) 6., 71.34
2 (1g) (f) and 71.42 (2) (e); *to amend* 71.01 (6) (L), 71.01 (6) (m), 71.01 (6) (n), 71.01
3 (7r), 71.22 (4) (L), 71.22 (4) (m), 71.22 (4) (n), 71.22 (4m) (j), 71.22 (4m) (k), 71.22
4 (4m) (L), 71.26 (2) (b) 12., 71.26 (2) (b) 13., 71.26 (2) (b) 14., 71.26 (3) (y), 71.34
5 (1g) (L), 71.34 (1g) (m), 71.34 (1g) (n), 71.365 (1m), 71.42 (2) (k), 71.42 (2) (L),
6 71.42 (2) (m), 71.45 (2) (a) 13. and 565.30 (5); and *to create* 71.01 (6) (o), 71.22
7 (4) (o), 71.22 (4m) (m), 71.26 (2) (b) 15., 71.34 (1g) (o), 71.42 (2) (n), 71.67 (5m),
8 565.01 (2m) and 565.30 (6r) (c) 10. of the statutes; **relating to:** references to the
9 Internal Revenue Code for income tax and franchise tax purposes, withholding
10 income taxes from the amount paid to purchase the assignment of a lottery

BILL

1 prize and requiring the lottery administrator to report to the department of
2 revenue the federal income tax number of an assignee.

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

This bill adopts, for income tax and franchise tax purposes, the changes to the federal Internal Revenue Code made by Public Laws 106-36 and 106-170. The changes are adopted for all taxable years for which the changes apply for federal income tax purposes.

Gambling

Under current law, a lottery prizewinner may make a voluntary assignment of all or part of that lottery prize to a person. This person is called the assignee. An assignment is only valid if a court issues an order confirming that certain requirements have been met, including that the assignee has specified in an affidavit that the assignee will pay taxes on the assigned prize. Under current law, an assignee who buys the rights to a lottery prize is not required to withhold income taxes from the amount the assignee pays to the lottery prizewinner to purchase the rights to the prize.

Under this bill, an assignee is required to withhold income taxes from the amount the assignee pays to the lottery prizewinner to purchase the rights to the prize. In addition, this bill requires that before an assignment can be valid the court order must confirm that the assignee has specified in an affidavit that the assignee will withhold income taxes from the amount the assignee pays to the lottery prizewinner.

Also under current law, the department of revenue (DOR) is required to withhold from the payment of a lottery prize to an assignee any delinquent state taxes, court-ordered child support, spousal support, maintenance or family support, court-ordered fines or other debt owed to the state. The lottery administrator is required to report the name, address and social security number of all assignees to DOR so that DOR may, in consultation with the department of workforce development, determine the necessary withholdings, if any. This bill requires the lottery administrator to report the federal income tax number of an assignee, if any, to DOR.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

BILL

1 **SECTION 1.** 71.01 (6) (f) of the statutes, as affected by 1999 Wisconsin Act 9, is
2 repealed.

3 **SECTION 2.** 71.01 (6) (L) of the statutes, as affected by 1999 Wisconsin Act 9,
4 is amended to read:

5 71.01 (6) (L) For taxable years that begin after December 31, 1996, and before
6 January 1, 1998, for natural persons and fiduciaries, except fiduciaries of nuclear
7 decommissioning trust or reserve funds, "Internal Revenue Code" means the federal
8 Internal Revenue Code as amended to December 31, 1996, excluding sections 103,
9 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203
10 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L.
11 104-188, and as amended by P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L.
12 105-277 and P.L. 106-36, and as indirectly affected by P.L. 99-514, P.L. 100-203,
13 P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-280,
14 P.L. 101-508, P.L. 102-90, P.L. 102-227, excluding sections 103, 104 and 110 of P.L.
15 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150
16 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
17 103-465, P.L. 104-7, P.L. 104-117, P.L. 104-188, excluding sections 1123 (b), 1202
18 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L.
19 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L. 106-36. The Internal
20 Revenue Code applies for Wisconsin purposes at the same time as for federal
21 purposes. Amendments to the federal Internal Revenue Code enacted after
22 December 31, 1996, do not apply to this paragraph with respect to taxable years
23 beginning after December 31, 1996, and before January 1, 1998, except that
24 changes to the Internal Revenue Code made by P.L. 105-33, P.L. 105-34, P.L.
25 105-206 and, P.L. 105-277 and P.L. 106-36 and changes that indirectly affect the

BILL**SECTION 2**

1 provisions applicable to this subchapter made by P.L. 105-33, P.L. 105-34, P.L.
2 105-206 and, P.L. 105-277 and P.L. 106-36 apply for Wisconsin purposes at the same
3 time as for federal purposes.

4 **SECTION 3.** 71.01 (6) (m) of the statutes, as affected by 1999 Wisconsin Act 9,
5 is amended to read:

6 71.01 (6) (m) For taxable years that begin after December 31, 1997, and before
7 January 1, 1999, for natural persons and fiduciaries, except fiduciaries of nuclear
8 decommissioning trust or reserve funds, "Internal Revenue Code" means the federal
9 Internal Revenue Code as amended to December 31, 1997, excluding sections 103,
10 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203
11 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L.
12 104-188, and as amended by P.L. 105-178, P.L. 105-206 and, P.L. 105-277, P.L.
13 106-36 and P.L. 106-170, and as indirectly affected by P.L. 99-514, P.L. 100-203,
14 P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-280,
15 P.L. 101-508, P.L. 102-90, P.L. 102-227, excluding sections 103, 104 and 110 of P.L.
16 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150
17 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
18 103-465, P.L. 104-7, P.L. 104-117, P.L. 104-188, excluding sections 1123 (b), 1202
19 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L.
20 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and
21 P.L. 106-170. The Internal Revenue Code applies for Wisconsin purposes at the
22 same time as for federal purposes. Amendments to the federal Internal Revenue
23 Code enacted after December 31, 1997, do not apply to this paragraph with respect
24 to taxable years beginning after December 31, 1997, and before January 1, 1999,
25 except that changes to the Internal Revenue Code made by P.L. 105-178, P.L.

BILL

1 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170 and changes that
2 indirectly affect the provisions applicable to this subchapter made by P.L. 105-178,
3 P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170 apply for Wisconsin
4 purposes at the same time as for federal purposes.

5 **SECTION 4.** 71.01 (6) (n) of the statutes, as created by 1999 Wisconsin Act 9, is
6 amended to read:

7 71.01 (6) (n) For taxable years that begin after December 31, 1998, and before
8 January 1, 2000, for natural persons and fiduciaries, except fiduciaries of nuclear
9 decommissioning trust or reserve funds, “Internal Revenue Code” means the federal
10 Internal Revenue Code as amended to December 31, 1998, excluding sections 103,
11 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203
12 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L.
13 104-188, and as amended by P.L. 106-36 and P.L. 106-170, and as indirectly affected
14 by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179,
15 P.L. 101-239, P.L. 101-280, P.L. 101-508, P.L. 102-90, P.L. 102-227, excluding
16 sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66,
17 excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66,
18 P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-117, P.L. 104-188,
19 excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L.
20 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206 and,
21 P.L. 105-277, P.L. 106-36 and P.L. 106-170. The Internal Revenue Code applies for
22 Wisconsin purposes at the same time as for federal purposes. Amendments to the
23 federal Internal Revenue Code enacted after December 31, 1998, do not apply to this
24 paragraph with respect to taxable years beginning after December 31, 1998, and
25 before January 1, 2000, except that changes to the Internal Revenue Code made by

BILL

1 P.L. 106-36 and P.L. 106-170 and changes that indirectly affect the provisions
2 applicable to this subchapter made by P.L. 106-36 and P.L. 106-170 apply for
3 Wisconsin purposes at the same time as for federal purposes.

4 **SECTION 5.** 71.01 (6) (o) of the statutes is created to read:

5 71.01 (6) (o) For taxable years that begin after December 31, 1999, for natural
6 persons and fiduciaries, except fiduciaries of nuclear decommissioning trust or
7 reserve funds, "Internal Revenue Code" means the federal Internal Revenue Code
8 as amended to December 31, 1999, excluding sections 103, 104 and 110 of P.L.
9 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66 and
10 sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as
11 indirectly affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L.
12 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-280, P.L. 101-508, P.L. 102-90, P.L.
13 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L.
14 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and
15 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L.
16 104-117, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605
17 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L.
18 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36 and P.L. 106-170. The Internal
19 Revenue Code applies for Wisconsin purposes at the same time as for federal
20 purposes. Amendments to the federal Internal Revenue Code enacted after
21 December 31, 1999, do not apply to this paragraph with respect to taxable years
22 beginning after December 31, 1999.

23 **SECTION 6.** 71.01 (7r) of the statutes, as affected by 1999 Wisconsin Act 9, is
24 amended to read:

BILL

1 71.01 (7r) Notwithstanding sub. (6), for purposes of computing amortization
2 or depreciation, “Internal Revenue Code” means either the federal Internal Revenue
3 Code as amended to December 31, ~~1998~~ 1999, or the federal Internal Revenue Code
4 in effect for the taxable year for which the return is filed, except that property that,
5 under s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated for taxable year
6 1986 under the Internal Revenue Code as amended to December 31, 1980, shall
7 continue to be depreciated under the Internal Revenue Code as amended to
8 December 31, 1980.

9 **SECTION 7.** 71.22 (4) (f) of the statutes, as affected by 1999 Wisconsin Act 9, is
10 repealed.

11 **SECTION 8.** 71.22 (4) (L) of the statutes, as affected by 1999 Wisconsin Act 9,
12 is amended to read:

13 71.22 (4) (L) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
14 (1g) and 71.42 (2), “Internal Revenue Code”, for taxable years that begin after
15 December 31, 1996, and before January 1, 1998, means the federal Internal
16 Revenue Code as amended to December 31, 1996, excluding sections 103, 104 and
17 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
18 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188,
19 and as amended by P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L.
20 106-36, and as indirectly affected in the provisions applicable to this subchapter by
21 P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2),
22 812 (c) (2), 821 (b) (2) and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L.
23 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L.
24 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L.
25 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and

BILL

1 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L.
2 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L.
3 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-206 and,
4 P.L. 105-277 and P.L. 106-36. The Internal Revenue Code applies for Wisconsin
5 purposes at the same time as for federal purposes. Amendments to the federal
6 Internal Revenue Code enacted after December 31, 1996, do not apply to this
7 paragraph with respect to taxable years beginning after December 31, 1996, and
8 before January 1, 1998, except that changes to the Internal Revenue Code made by
9 P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L. 106-36 and
10 changes that indirectly affect the provisions applicable to this subchapter made by
11 P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L. 106-36 apply for
12 Wisconsin purposes at the same time as for federal purposes.

13 **SECTION 9.** 71.22 (4) (m) of the statutes, as affected by 1999 Wisconsin Act 9,
14 is amended to read:

15 71.22 (4) (m) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
16 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after
17 December 31, 1997, and before January 1, 1999, means the federal Internal
18 Revenue Code as amended to December 31, 1997, excluding sections 103, 104 and
19 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
20 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188,
21 and as amended by P.L. 105-178, P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and
22 P.L. 106-170, and as indirectly affected in the provisions applicable to this
23 subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803 (d) (2)
24 (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and 823 (c) (2) of P.L. 99-514 and section 1008
25 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L.

BILL

1 101–508, P.L. 102–227, excluding sections 103, 104 and 110 of P.L. 102–227, P.L.
2 102–318, P.L. 102–486, P.L. 103–66, excluding sections 13113, 13150 (d), 13171 (d),
3 13174 and 13203 (d) of P.L. 103–66, P.L. 103–296, P.L. 103–337, P.L. 103–465, P.L.
4 104–7, P.L. 104–188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d)
5 of P.L. 104–188, P.L. 104–191, P.L. 104–193, P.L. 105–33, P.L. 105–34, P.L. 105–178,
6 P.L. 105–206 and, P.L. 105–277, P.L. 106–36 and P.L. 106–170. The Internal Revenue
7 Code applies for Wisconsin purposes at the same time as for federal purposes.
8 Amendments to the federal Internal Revenue Code enacted after December 31, 1997,
9 do not apply to this paragraph with respect to taxable years beginning after
10 December 31, 1997, and before January 1, 1999, except that changes to the Internal
11 Revenue Code made by P.L. 105–178, P.L. 105–206 and, P.L. 105–277, P.L. 106–36
12 and P.L. 106–170 and changes that indirectly affect the provisions applicable to this
13 subchapter made by P.L. 105–178, P.L. 105–206 and, P.L. 105–277, P.L. 106–36 and
14 P.L. 106–170 apply for Wisconsin purposes at the same time as for federal purposes.

15 **SECTION 10.** 71.22 (4) (n) of the statutes, as created by 1999 Wisconsin Act 9,
16 is amended to read:

17 71.22 (4) (n) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
18 (1g) and 71.42 (2), “Internal Revenue Code”, for taxable years that begin after
19 December 31, 1998, and before January 1, 2000, means the federal Internal Revenue
20 Code as amended to December 31, 1998, excluding sections 103, 104 and 110 of P.L.
21 102–227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103–66 and
22 sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104–188, and as
23 amended by P.L. 106–36 and P.L. 106–170, and as indirectly affected in the
24 provisions applicable to this subchapter by P.L. 99–514, P.L. 100–203, P.L. 100–647
25 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and 823 (c) (2) of

BILL**SECTION 10**

1 P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L.
2 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104 and
3 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections
4 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L.
5 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202
6 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L.
7 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and
8 P.L. 106-170. The Internal Revenue Code applies for Wisconsin purposes at the
9 same time as for federal purposes. Amendments to the federal Internal Revenue
10 Code enacted after December 31, 1998, do not apply to this paragraph with respect
11 to taxable years beginning after December 31, 1998, and before January 1, 2000,
12 except that changes to the Internal Revenue Code made by P.L. 106-36 and P.L.
13 106-170 and changes that indirectly affect the provisions applicable to this
14 subchapter made by P.L. 106-36 and P.L. 106-170 apply for Wisconsin purposes at
15 the same time as for federal purposes.

16 **SECTION 11.** 71.22 (4) (o) of the statutes is created to read:

17 71.22 (4) (o) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
18 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after
19 December 31, 1999, means the federal Internal Revenue Code as amended to
20 December 31, 1999, excluding sections 103, 104 and 110 of P.L. 102-227, sections
21 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66 and sections 1123 (b),
22 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as indirectly affected in the
23 provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647
24 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and 823 (c) (2) of
25 P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L.

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1 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103; 104 and
2 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections
3 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L.
4 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202
5 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L.
6 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36 and P.L.
7 106-170. The Internal Revenue Code applies for Wisconsin purposes at the same
8 time as for federal purposes. Amendments to the federal Internal Revenue Code
9 enacted after December 31, 1999, do not apply to this paragraph with respect to
10 taxable years beginning after December 31, 1999.

11 **SECTION 12.** 71.22 (4m) (d) of the statutes, as affected by 1999 Wisconsin Act
12 9, is repealed.

13 **SECTION 13.** 71.22 (4m) (j) of the statutes, as affected by 1999 Wisconsin Act
14 9, is amended to read:

15 71.22 (4m) (j) For taxable years that begin after December 31, 1996, and before
16 January 1, 1998, "Internal Revenue Code", for corporations that are subject to a tax
17 on unrelated business income under s. 71.26 (1) (a), means the federal Internal
18 Revenue Code as amended to December 31, 1996, excluding sections 103, 104 and
19 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
20 103-66, and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188
21 and as amended by P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L.
22 106-36, and as indirectly affected in the provisions applicable to this subchapter by
23 P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179,
24 P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L.
25 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150

BILL**SECTION 13**

1 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
2 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f),
3 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L.
4 105-34, P.L. 105-206 and, P.L. 105-277 and P.L. 106-36. The Internal Revenue Code
5 applies for Wisconsin purposes at the same time as for federal purposes.
6 Amendments to the Internal Revenue Code enacted after December 31, 1996, do not
7 apply to this paragraph with respect to taxable years beginning after
8 December 31, 1996, and before January 1, 1998, except that changes to the Internal
9 Revenue Code made by P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and
10 P.L. 106-36 and changes that indirectly affect provisions applicable to this
11 subchapter made by P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and
12 P.L. 106-36, apply for Wisconsin purposes at the same time as for federal purposes.

13 **SECTION 14.** 71.22 (4m) (k) of the statutes, as affected by 1999 Wisconsin Act
14 9, is amended to read:

15 71.22 (4m) (k) For taxable years that begin after December 31, 1997, and
16 before January 1, 1999, "Internal Revenue Code", for corporations that are subject
17 to a tax on unrelated business income under s. 71.26 (1) (a), means the federal
18 Internal Revenue Code as amended to December 31, 1997, excluding sections 103,
19 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203
20 (d) of P.L. 103-66, and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L.
21 104-188, and as amended by P.L. 105-178, P.L. 105-206 and, P.L. 105-277, P.L.
22 106-36 and P.L. 106-170, and as indirectly affected in the provisions applicable to
23 this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L.
24 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
25 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding

BILL

1 sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L.
2 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections
3 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.
4 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206 and, P.L. 105-277,
5 P.L. 106-36 and P.L. 106-170. The Internal Revenue Code applies for Wisconsin
6 purposes at the same time as for federal purposes. Amendments to the Internal
7 Revenue Code enacted after December 31, 1997, do not apply to this paragraph with
8 respect to taxable years beginning after December 31, 1997, and before
9 January 1, 1999, except that changes to the Internal Revenue Code made by P.L.
10 105-178, P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170 and changes
11 that indirectly affect the provisions applicable to this subchapter made by P.L.
12 105-178, P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170 apply for
13 Wisconsin purposes at the same time as for federal purposes.

14 **SECTION 15.** 71.22 (4m) (L) of the statutes, as created by 1999 Wisconsin Act
15 9, is amended to read:

16 71.22 (4m) (L) For taxable years that begin after December 31, 1998, and
17 before January 1, 2000, "Internal Revenue Code", for corporations that are subject
18 to a tax on unrelated business income under s. 71.26 (1) (a), means the federal
19 Internal Revenue Code as amended to December 31, 1998, excluding sections 103,
20 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203
21 (d) of P.L. 103-66, and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L.
22 104-188, and as amended by P.L. 106-36 and P.L. 106-170, and as indirectly affected
23 in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.
24 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L.
25 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L.

BILL**SECTION 15**

1 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and
2 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L.
3 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L.
4 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L.
5 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170. The Internal Revenue
6 Code applies for Wisconsin purposes at the same time as for federal purposes.
7 Amendments to the Internal Revenue Code enacted after December 31, 1998, do not
8 apply to this paragraph with respect to taxable years beginning after
9 December 31, 1998, and before January 1, 2000, except that changes to the Internal
10 Revenue Code made by P.L. 106-36 and P.L. 106-170 and changes that indirectly
11 affect the provisions applicable to this subchapter made by P.L. 106-36 and P.L.
12 106-170 apply for Wisconsin purposes at the same time as for federal purposes.

13 **SECTION 16.** 71.22 (4m) (m) of the statutes is created to read:

14 71.22 (4m) (m) For taxable years that begin after December 31, 1999, "Internal
15 Revenue Code", for corporations that are subject to a tax on unrelated business
16 income under s. 71.26 (1) (a), means the federal Internal Revenue Code as amended
17 to December 31, 1999, excluding sections 103, 104 and 110 of P.L. 102-227, sections
18 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and sections 1123
19 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as indirectly affected
20 in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.
21 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L.
22 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L.
23 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and
24 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L.
25 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L.

BILL

1 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L.
2 105-206, P.L. 105-277, P.L. 106-36 and P.L. 106-170. The Internal Revenue Code
3 applies for Wisconsin purposes at the same time as for federal purposes.
4 Amendments to the Internal Revenue Code enacted after December 31, 1999, do not
5 apply to this paragraph with respect to taxable years beginning after
6 December 31, 1999.

7 **SECTION 17.** 71.26 (2) (b) 6. of the statutes, as affected by 1999 Wisconsin Act
8 9, is repealed.

9 **SECTION 18.** 71.26 (2) (b) 12. of the statutes, as affected by 1999 Wisconsin Act
10 9, is amended to read:

11 71.26 (2) (b) 12. For taxable years that begin after December 31, 1996, and
12 before January 1, 1998, for a corporation, conduit or common law trust which
13 qualifies as a regulated investment company, real estate mortgage investment
14 conduit, real estate investment trust or financial asset securitization investment
15 trust under the Internal Revenue Code as amended to December 31, 1996, excluding
16 sections 103, 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174
17 and 13203 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605
18 (d) of P.L. 104-188, and as amended by P.L. 105-33, P.L. 105-34, P.L. 105-206 and,
19 P.L. 105-277 and P.L. 106-36, and as indirectly affected in the provisions applicable
20 to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L.
21 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
22 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
23 sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L.
24 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections
25 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.

BILL**SECTION 18**

1 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L. 106-36,
2 “net income” means the federal regulated investment company taxable income,
3 federal real estate mortgage investment conduit taxable income, federal real estate
4 investment trust or financial asset securitization investment trust taxable income
5 of the corporation, conduit or trust as determined under the Internal Revenue Code
6 as amended to December 31, 1996, excluding sections 103, 104 and 110 of P.L.
7 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66 and
8 sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188 and as amended
9 by P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L. 106-36, and as
10 indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L.
11 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L.
12 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L.
13 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d),
14 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.
15 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d)
16 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-206
17 and, P.L. 105-277 and P.L. 106-36, except that property that, under s. 71.02 (1) (c)
18 8. to 11., 1985 stats., is required to be depreciated for taxable years 1983 to 1986
19 under the Internal Revenue Code as amended to December 31, 1980, shall continue
20 to be depreciated under the Internal Revenue Code as amended to
21 December 31, 1980, and except that the appropriate amount shall be added or
22 subtracted to reflect differences between the depreciation or adjusted basis for
23 federal income tax purposes and the depreciation or adjusted basis under this
24 chapter of any property disposed of during the taxable year. The Internal Revenue
25 Code as amended to December 31, 1996, excluding sections 103, 104 and 110 of P.L.

BILL

1 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66,
2 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as
3 amended by P.L. 105-33, P.L. 105-34, P.L. 105-206 ~~and~~, P.L. 105-277 ~~and P.L.~~
4 ~~106-36~~, and as indirectly affected in the provisions applicable to this subchapter by
5 P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179,
6 P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L.
7 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150
8 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
9 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f),
10 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L.
11 105-34, P.L. 105-206 ~~and~~, P.L. 105-277 ~~and P.L. 106-36~~, applies for Wisconsin
12 purposes at the same time as for federal purposes. Amendments to the Internal
13 Revenue Code enacted after December 31, 1996, do not apply to this subdivision with
14 respect to taxable years that begin after December 31, 1996, and before
15 January 1, 1998, except that changes to the Internal Revenue Code made by P.L.
16 105-33, P.L. 105-34, P.L. 105-206 ~~and~~, P.L. 105-277 ~~and P.L. 106-36~~ and changes
17 that indirectly affect the provisions applicable to this subchapter made by P.L.
18 105-33, P.L. 105-34, P.L. 105-206 ~~and~~, P.L. 105-277 ~~and P.L. 106-36~~ apply for
19 Wisconsin purposes at the same time as for federal purposes.

20 **SECTION 19.** 71.26 (2) (b) 13. of the statutes, as affected by 1999 Wisconsin Act
21 9, is amended to read:

22 71.26 (2) (b) 13. For taxable years that begin after December 31, 1997, and
23 before January 1, 1999, for a corporation, conduit or common law trust which
24 qualifies as a regulated investment company, real estate mortgage investment
25 conduit, real estate investment trust or financial asset securitization investment

BILL**SECTION 19**

1 trust under the Internal Revenue Code as amended to December 31, 1997, excluding
2 sections 103, 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174
3 and 13203 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605
4 (d) of P.L. 104-188, and as amended by P.L. 105-178, P.L. 105-206 and, P.L. 105-277,
5 P.L. 106-36 and P.L. 106-170, and as indirectly affected in the provisions applicable
6 to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L.
7 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
8 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
9 sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L.
10 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections
11 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.
12 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206 and, P.L. 105-277,
13 P.L. 106-36 and P.L. 106-170, “net income” means the federal regulated investment
14 company taxable income, federal real estate mortgage investment conduit taxable
15 income, federal real estate investment trust or financial asset securitization
16 investment trust taxable income of the corporation, conduit or trust as determined
17 under the Internal Revenue Code as amended to December 31, 1997, excluding
18 sections 103, 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174
19 and 13203 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605
20 (d) of P.L. 104-188, and as amended by P.L. 105-178, P.L. 105-206 and, P.L. 105-277,
21 P.L. 106-36 and P.L. 106-170, and as indirectly affected in the provisions applicable
22 to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L.
23 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
24 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
25 sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L.

BILL

1 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections
2 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.
3 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206 and, P.L. 105-277,
4 P.L. 106-36 and P.L. 106-170, except that property that, under s. 71.02 (1) (c) 8. to
5 11., 1985 stats., is required to be depreciated for taxable years 1983 to 1986 under
6 the Internal Revenue Code as amended to December 31, 1980, shall continue to be
7 depreciated under the Internal Revenue Code as amended to December 31, 1980,
8 and except that the appropriate amount shall be added or subtracted to reflect
9 differences between the depreciation or adjusted basis for federal income tax
10 purposes and the depreciation or adjusted basis under this chapter of any property
11 disposed of during the taxable year. The Internal Revenue Code as amended to
12 December 31, 1997, excluding sections 103, 104 and 110 of P.L. 102-227, sections
13 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and sections 1123
14 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as amended by P.L.
15 105-178, P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170, and as
16 indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L.
17 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L.
18 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L.
19 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d),
20 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.
21 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d)
22 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178,
23 P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170, applies for Wisconsin
24 purposes at the same time as for federal purposes. Amendments to the Internal
25 Revenue Code enacted after December 31, 1997, do not apply to this subdivision with

BILL**SECTION 19**

1 respect to taxable years that begin after December 31, 1997, and before
2 January 1, 1999, except that changes to the Internal Revenue Code made by P.L.
3 105-178, P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170 and changes
4 that indirectly affect the provisions applicable to this subchapter made by P.L.
5 105-178, P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170 apply for
6 Wisconsin purposes at the same time as for federal purposes.

7 **SECTION 20.** 71.26 (2) (b) 14. of the statutes, as created by 1999 Wisconsin Act
8 9, is amended to read:

9 71.26 (2) (b) 14. For taxable years that begin after December 31, 1998, and
10 before January 1, 2000, for a corporation, conduit or common law trust which
11 qualifies as a regulated investment company, real estate mortgage investment
12 conduit, real estate investment trust or financial asset securitization investment
13 trust under the Internal Revenue Code as amended to December 31, 1998, excluding
14 sections 103, 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174
15 and 13203 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605
16 (d) of P.L. 104-188, and as amended by P.L. 106-36 and P.L. 106-170, and as
17 indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L.
18 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L.
19 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L.
20 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d),
21 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.
22 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d)
23 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178,
24 P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170, "net income" means
25 the federal regulated investment company taxable income, federal real estate

BILL

1 mortgage investment conduit taxable income, federal real estate investment trust
2 or financial asset securitization investment trust taxable income of the corporation,
3 conduit or trust as determined under the Internal Revenue Code as amended to
4 December 31, 1998, excluding sections 103, 104 and 110 of P.L. 102-227, sections
5 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66 and sections 1123 (b),
6 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as amended by P.L. 106-36
7 and P.L. 106-170, and as indirectly affected in the provisions applicable to this
8 subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140,
9 P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104
10 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections
11 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L.
12 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202
13 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L.
14 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206 and P.L. 105-277, P.L. 106-36 and
15 P.L. 106-170, except that property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats.,
16 is required to be depreciated for taxable years 1983 to 1986 under the Internal
17 Revenue Code as amended to December 31, 1980, shall continue to be depreciated
18 under the Internal Revenue Code as amended to December 31, 1980, and except that
19 the appropriate amount shall be added or subtracted to reflect differences between
20 the depreciation or adjusted basis for federal income tax purposes and the
21 depreciation or adjusted basis under this chapter of any property disposed of during
22 the taxable year. The Internal Revenue Code as amended to December 31, 1998,
23 excluding sections 103, 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171
24 (d), 13174 and 13203 (d) of P.L. 103-66, and sections 1123 (b), 1202 (c), 1204 (f), 1311
25 and 1605 (d) of P.L. 104-188, and as amended by P.L. 106-36 and P.L. 106-170, and

BILL**SECTION 20**

1 as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514,
2 P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239,
3 P.L. 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L.
4 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d),
5 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.
6 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d)
7 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178,
8 P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170, applies for Wisconsin
9 purposes at the same time as for federal purposes. Amendments to the Internal
10 Revenue Code enacted after December 31, 1998, do not apply to this subdivision with
11 respect to taxable years that begin after December 31, 1998, and before January 1,
12 2000, except that changes to the Internal Revenue Code made by P.L. 106-36 and P.L.
13 106-170 and changes that indirectly affect the provisions applicable to this
14 subchapter made by P.L. 106-36 and P.L. 106-170 apply for Wisconsin purposes at
15 the same time as for federal purposes.

16 **SECTION 21.** 71.26 (2) (b) 15. of the statutes is created to read:

17 71.26 (2) (b) 15. For taxable years that begin after December 31, 1999, for a
18 corporation, conduit or common law trust which qualifies as a regulated investment
19 company, real estate mortgage investment conduit, real estate investment trust or
20 financial asset securitization investment trust under the Internal Revenue Code as
21 amended to December 31, 1999, excluding sections 103, 104 and 110 of P.L. 102-227,
22 sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66 and sections
23 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as indirectly
24 affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,
25 P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508,

BILL

1 P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L.
2 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and
3 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L.
4 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L.
5 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L.
6 105-206, P.L. 105-277, P.L. 106-36 and P.L. 106-170, "net income" means the
7 federal regulated investment company taxable income, federal real estate mortgage
8 investment conduit taxable income, federal real estate investment trust or financial
9 asset securitization investment trust taxable income of the corporation, conduit or
10 trust as determined under the Internal Revenue Code as amended to December 31,
11 1999, excluding sections 103, 104 and 110 of P.L. 102-227, sections 13113, 13150 (d),
12 13171 (d), 13174 and 13203 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204
13 (f), 1311 and 1605 (d) of P.L. 104-188, and as indirectly affected in the provisions
14 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L.
15 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
16 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
17 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
18 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188,
19 excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L.
20 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L.
21 105-277, P.L. 106-36 and P.L. 106-170, except that property that, under s. 71.02 (1)
22 (c) 8. to 11., 1985 stats., is required to be depreciated for taxable years 1983 to 1986
23 under the Internal Revenue Code as amended to December 31, 1980, shall continue
24 to be depreciated under the Internal Revenue Code as amended to
25 December 31, 1980, and except that the appropriate amount shall be added or

BILL**SECTION 21**

1 subtracted to reflect differences between the depreciation or adjusted basis for
2 federal income tax purposes and the depreciation or adjusted basis under this
3 chapter of any property disposed of during the taxable year. The Internal Revenue
4 Code as amended to December 31, 1999, excluding sections 103, 104 and 110 of P.L.
5 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66,
6 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as
7 indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L.
8 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L.
9 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L.
10 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d),
11 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.
12 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d)
13 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178,
14 P.L. 105-206, P.L. 105-277, P.L. 106-36 and P.L. 106-170, applies for Wisconsin
15 purposes at the same time as for federal purposes. Amendments to the Internal
16 Revenue Code enacted after December 31, 1999, do not apply to this subdivision with
17 respect to taxable years that begin after December 31, 1999.

18 **SECTION 22.** 71.26 (3) (y) of the statutes, as affected by 1999 Wisconsin Act 9,
19 is amended to read:

20 71.26 (3) (y) A corporation may compute amortization and depreciation under
21 either the federal Internal Revenue Code as amended to December 31, ~~1998~~ 1999,
22 or the federal Internal Revenue Code in effect for the taxable year for which the
23 return is filed, except that property first placed in service by the taxpayer on or after
24 January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br),
25 1985 stats., is required to be depreciated under the Internal Revenue Code as

BILL

1 amended to December 31, 1980, and property first placed in service in taxable year
2 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
3 stats., is required to be depreciated under the Internal Revenue Code as amended
4 to December 31, 1980, shall continue to be depreciated under the Internal Revenue
5 Code as amended to December 31, 1980.

6 **SECTION 23.** 71.34 (1g) (f) of the statutes, as affected by 1999 Wisconsin Act 9,
7 is repealed.

8 **SECTION 24.** 71.34 (1g) (L) of the statutes, as affected by 1999 Wisconsin Act
9 9, is amended to read:

10 71.34 (1g) (L) "Internal Revenue Code" for tax-option corporations, for taxable
11 years that begin after December 31, 1996, and before January 1, 1998, means the
12 federal Internal Revenue Code as amended to December 31, 1996, excluding
13 sections 103, 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174
14 and 13203 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605
15 (d) of P.L. 104-188, and as amended by P.L. 105-33, P.L. 105-34, P.L. 105-206 and,
16 P.L. 105-277 and P.L. 106-36, and as indirectly affected in the provisions applicable
17 to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803
18 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and 823 (c) (2) of P.L. 99-514 and section
19 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239,
20 P.L. 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L.
21 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d),
22 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.
23 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d)
24 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-206
25 and, P.L. 105-277 and P.L. 106-36, except that section 1366 (f) (relating to

BILL**SECTION 24**

1 pass-through of items to shareholders) is modified by substituting the tax under s.
2 71.35 for the taxes under sections 1374 and 1375. The Internal Revenue Code applies
3 for Wisconsin purposes at the same time as for federal purposes. Amendments to the
4 federal Internal Revenue Code enacted after December 31, 1996, do not apply to this
5 paragraph with respect to taxable years beginning after December 31, 1996, and
6 before January 1, 1998, except that changes to the Internal Revenue Code made by
7 P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L. 106-36 and
8 changes that indirectly affect the provisions applicable to this subchapter made by
9 P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L. 106-36, apply for
10 Wisconsin purposes at the same time as for federal purposes.

11 **SECTION 25.** 71.34 (1g) (m) of the statutes, as affected by 1999 Wisconsin Act
12 9, is amended to read:

13 71.34 (1g) (m) "Internal Revenue Code" for tax-option corporations, for taxable
14 years that begin after December 31, 1997, and before January 1, 1999, means the
15 federal Internal Revenue Code as amended to December 31, 1997, excluding sections
16 103, 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and
17 13203 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d)
18 of P.L. 104-188, and as amended by P.L. 105-178, P.L. 105-206 and, P.L. 105-277,
19 P.L. 106-36 and P.L. 106-170, and as indirectly affected in the provisions applicable
20 to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803
21 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and 823 (c) (2) of P.L. 99-514 and section
22 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239,
23 P.L. 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L.
24 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d),
25 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.

BILL

1 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d)
2 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178,
3 P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170, except that section
4 1366 (f) (relating to pass-through of items to shareholders) is modified by
5 substituting the tax under s. 71.35 for the taxes under sections 1374 and 1375. The
6 Internal Revenue Code applies for Wisconsin purposes at the same time as for federal
7 purposes. Amendments to the federal Internal Revenue Code enacted after
8 December 31, 1997, do not apply to this paragraph with respect to taxable years
9 beginning after December 31, 1997, and before January 1, 1999, except that
10 changes to the Internal Revenue Code made by P.L. 105-178, P.L. 105-206 and, P.L.
11 105-277, P.L. 106-36 and P.L. 106-170 and changes that indirectly affect the
12 provisions applicable to this subchapter made by P.L. 105-178, P.L. 105-206 and,
13 P.L. 105-277, P.L. 106-36 and P.L. 106-170 apply for Wisconsin purposes at the same
14 time as for federal purposes.

15 **SECTION 26.** 71.34 (1g) (n) of the statutes, as created by 1999 Wisconsin Act 9,
16 is amended to read:

17 71.34 (1g) (n) "Internal Revenue Code" for tax-option corporations, for taxable
18 years that begin after December 31, 1998, and before January 1, 2000, means the
19 federal Internal Revenue Code as amended to December 31, 1998, excluding sections
20 103, 104 and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and
21 13203 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d)
22 of P.L. 104-188, and as amended by P.L. 106-36 and P.L. 106-170, and as indirectly
23 affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,
24 P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and
25 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.

BILL**SECTION 26**

1 101–140, P.L. 101–179, P.L. 101–239, P.L. 101–508, P.L. 102–227, excluding sections
2 103, 104 and 110 of P.L. 102–227, P.L. 102–318, P.L. 102–486, P.L. 103–66, excluding
3 sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103–66, P.L.
4 103–296, P.L. 103–337, P.L. 103–465, P.L. 104–7, P.L. 104–188, excluding sections
5 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104–188, P.L. 104–191, P.L.
6 104–193, P.L. 105–33, P.L. 105–34, P.L. 105–178, P.L. 105–206 and, P.L. 105–277,
7 P.L. 106–36 and P.L. 106–170, except that section 1366 (f) (relating to pass-through
8 of items to shareholders) is modified by substituting the tax under s. 71.35 for the
9 taxes under sections 1374 and 1375. The Internal Revenue Code applies for
10 Wisconsin purposes at the same time as for federal purposes. Amendments to the
11 federal Internal Revenue Code enacted after December 31, 1998, do not apply to this
12 paragraph with respect to taxable years beginning after December 31, 1998, and
13 before January 1, 2000, except that changes to the Internal Revenue Code made by
14 P.L. 106–36 and P.L. 106–170 and changes that indirectly affect the provisions
15 applicable to this subchapter made by P.L. 106–36 and P.L. 106–170 apply for
16 Wisconsin purposes at the same time as for federal purposes.

17 **SECTION 27.** 71.34 (1g) (o) of the statutes is created to read:

18 71.34 (1g) (o) “Internal Revenue Code” for tax-option corporations, for taxable
19 years that begin after December 31, 1999, means the federal Internal Revenue Code
20 as amended to December 31, 1999, excluding sections 103, 104 and 110 of P.L.
21 102–227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103–66 and
22 sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104–188, and as
23 indirectly affected in the provisions applicable to this subchapter by P.L. 99–514, P.L.
24 100–203, P.L. 100–647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821
25 (b) (2) and 823 (c) (2) of P.L. 99–514 and section 1008 (g) (5) of P.L. 100–647, P.L.

BILL

1 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
2 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
3 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
4 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188,
5 excluding sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L.
6 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L.
7 105-277, P.L. 106-36 and P.L. 106-170, except that section 1366 (f) (relating to
8 pass-through of items to shareholders) is modified by substituting the tax under s.
9 71.35 for the taxes under sections 1374 and 1375. The Internal Revenue Code applies
10 for Wisconsin purposes at the same time as for federal purposes. Amendments to the
11 federal Internal Revenue Code enacted after December 31, 1999, do not apply to this
12 paragraph with respect to taxable years beginning after December 31, 1999.

13 **SECTION 28.** 71.365 (1m) of the statutes, as affected by 1999 Wisconsin Act 9,
14 is amended to read:

15 **71.365 (1m) TAX-OPTION CORPORATIONS; DEPRECIATION.** A tax-option corporation
16 may compute amortization and depreciation under either the federal Internal
17 Revenue Code as amended to December 31, ~~1998~~ 1999, or the federal Internal
18 Revenue Code in effect for the taxable year for which the return is filed, except that
19 property first placed in service by the taxpayer on or after January 1, 1983, but
20 before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required
21 to be depreciated under the Internal Revenue Code as amended to
22 December 31, 1980, and property first placed in service in taxable year 1981 or
23 thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is
24 required to be depreciated under the Internal Revenue Code as amended to
25 December 31, 1980, shall continue to be depreciated under the Internal Revenue

BILL**SECTION 28**

1 Code as amended to December 31, 1980. Any difference between the adjusted basis
2 for federal income tax purposes and the adjusted basis under this chapter shall be
3 taken into account in determining net income or loss in the year or years for which
4 the gain or loss is reportable under this chapter. If that property was placed in
5 service by the taxpayer during taxable year 1986 and thereafter but before the
6 property is used in the production of income subject to taxation under this chapter,
7 the property's adjusted basis and the depreciation or other deduction schedule are
8 not required to be changed from the amount allowable on the owner's federal income
9 tax returns for any year because the property is used in the production of income
10 subject to taxation under this chapter. If that property was acquired in a transaction
11 in taxable year 1986 or thereafter in which the adjusted basis of the property in the
12 hands of the transferee is the same as the adjusted basis of the property in the hands
13 of the transferor, the Wisconsin adjusted basis of that property on the date of transfer
14 is the adjusted basis allowable under the Internal Revenue Code as defined for
15 Wisconsin purposes for the property in the hands of the transferor.

16 **SECTION 29.** 71.42 (2) (e) of the statutes, as affected by 1999 Wisconsin Act 9,
17 is repealed.

18 **SECTION 30.** 71.42 (2) (k) of the statutes, as affected by 1999 Wisconsin Act 9,
19 is amended to read:

20 71.42 (2) (k) For taxable years that begin after December 31, 1996, and before
21 January 1, 1998, "Internal Revenue Code" means the federal Internal Revenue Code
22 as amended to December 31, 1996, excluding sections 103, 104 and 110 of P.L.
23 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66 and
24 sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as
25 amended by P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L.

BILL

1 106-36, and as indirectly affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L.
2 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
3 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
4 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
5 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188,
6 excluding sections 1123 (b), 1202 (c) 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L.
7 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and
8 P.L. 106-36, except that "Internal Revenue Code" does not include section 847 of the
9 federal Internal Revenue Code. The Internal Revenue Code applies for Wisconsin
10 purposes at the same time as for federal purposes. Amendments to the federal
11 Internal Revenue Code enacted after December 31, 1996, do not apply to this
12 paragraph with respect to taxable years beginning after December 31, 1996, and
13 before January 1, 1998, except that changes to the Internal Revenue Code made by
14 P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L. 106-36 and
15 changes that indirectly affect the provisions applicable to this subchapter made by
16 P.L. 105-33, P.L. 105-34, P.L. 105-206 and, P.L. 105-277 and P.L. 106-36, apply for
17 Wisconsin purposes at the same time as for federal purposes.

18 **SECTION 31.** 71.42 (2) (L) of the statutes, as affected by 1999 Wisconsin Act 9,
19 is amended to read:

20 71.42 (2) (L) For taxable years that begin after December 31, 1997, and before
21 January 1, 1999, "Internal Revenue Code" means the federal Internal Revenue Code
22 as amended to December 31, 1997, excluding sections 103, 104 and 110 of P.L.
23 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66 and
24 sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as
25 amended by P.L. 105-178, P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L.

BILL**SECTION 31**

1 106-170, and as indirectly affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L.
2 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
3 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
4 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
5 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188,
6 excluding sections 1123 (b), 1202 (c) 1204 (f), 1311 and 1605 (d) of P.L. 104-188, P.L.
7 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206 and,
8 P.L. 105-277, P.L. 106-36 and P.L. 106-170, except that “Internal Revenue Code”
9 does not include section 847 of the federal Internal Revenue Code. The Internal
10 Revenue Code applies for Wisconsin purposes at the same time as for federal
11 purposes. Amendments to the federal Internal Revenue Code enacted after
12 December 31, 1997, do not apply to this paragraph with respect to taxable years
13 beginning after December 31, 1997, and before January 1, 1999, except that
14 changes to the Internal Revenue Code made by P.L. 105-178, P.L. 105-206 and, P.L.
15 105-277, P.L. 106-36 and P.L. 106-170 and changes that indirectly affect the
16 provisions applicable to this subchapter made by P.L. 105-178, P.L. 105-206 and,
17 P.L. 105-277, P.L. 106-36 and P.L. 106-170 apply for Wisconsin purposes at the same
18 time as for federal purposes.

19 **SECTION 32.** 71.42 (2) (m) of the statutes, as created by 1999 Wisconsin Act 9,
20 is amended to read:

21 71.42 (2) (m) For taxable years that begin after December 31, 1998, and before
22 January 1, 2000, “Internal Revenue Code” means the federal Internal Revenue Code
23 as amended to December 31, 1998, excluding sections 103, 104 and 110 of P.L.
24 102-227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66 and
25 sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as

BILL

1 amended by P.L. 106-36 and P.L. 106-170, and as indirectly affected by P.L. 99-514,
2 P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239,
3 P.L. 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L.
4 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d),
5 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.
6 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c) 1204 (f), 1311 and 1605 (d)
7 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178,
8 P.L. 105-206 and, P.L. 105-277, P.L. 106-36 and P.L. 106-170, except that “Internal
9 Revenue Code” does not include section 847 of the federal Internal Revenue Code.
10 The Internal Revenue Code applies for Wisconsin purposes at the same time as for
11 federal purposes. Amendments to the federal Internal Revenue Code enacted after
12 December 31, 1998, do not apply to this paragraph with respect to taxable years
13 beginning after December 31, 1998, and before January 1, 2000, except that changes
14 to the Internal Revenue Code made by P.L. 106-36 and P.L. 106-170 and changes
15 that indirectly affect the provisions applicable to this subchapter made by P.L.
16 106-36 and P.L. 106-170 apply for Wisconsin purposes at the same time as for federal
17 purposes.

18 **SECTION 33.** 71.42 (2) (n) of the statutes is created to read:

19 71.42 (2) (n) For taxable years that begin after December 31, 1999, “Internal
20 Revenue Code” means the federal Internal Revenue Code as amended to
21 December 31, 1999, excluding sections 103, 104 and 110 of P.L. 102-227, sections
22 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66 and sections 1123 (b),
23 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104-188, and as indirectly affected by P.L.
24 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L.
25 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L.

BILL**SECTION 33**

1 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150
2 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
3 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c) 1204 (f), 1311
4 and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34,
5 P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36 and P.L. 106-170, except that
6 “Internal Revenue Code” does not include section 847 of the federal Internal Revenue
7 Code. The Internal Revenue Code applies for Wisconsin purposes at the same time
8 as for federal purposes. Amendments to the federal Internal Revenue Code enacted
9 after December 31, 1999, do not apply to this paragraph with respect to taxable years
10 beginning after December 31, 1999.

11 **SECTION 34.** 71.45 (2) (a) 13. of the statutes, as affected by 1999 Wisconsin Act
12 9, is amended to read:

13 71.45 (2) (a) 13. By adding or subtracting, as appropriate, the difference
14 between the depreciation deduction under the federal Internal Revenue Code as
15 amended to December 31, ~~1998~~ 1999 and the depreciation deduction under the
16 federal Internal Revenue Code in effect for the taxable year for which the return is
17 filed, so as to reflect the fact that the insurer may choose between these 2 deductions,
18 except that property first placed in service by the taxpayer on or after
19 January 1, 1989, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br),
20 1985 stats., is required to be depreciated under the Internal Revenue Code as
21 amended to December 31, 1980, and property first placed in service in taxable year
22 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
23 stats., is required to be depreciated under the Internal Revenue Code as amended
24 to December 31, 1980, shall continue to be depreciated under the Internal Revenue
25 Code as amended to December 31, 1980.

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1 **SECTION 35.** 71.67 (5m) of the statutes is created to read:

2 **71.67 (5m)** A person that purchases an assignment of a lottery prize shall
3 withhold from the amount of any payment made to purchase the assignment the
4 amount that is determined by multiplying the amount of the payment by the highest
5 rate applicable to individuals under s. 71.06 (1) (a) to (c), (1m), (1n) or (1p).
6 Subsection (5) (b), (c) and (d), as it applies to the amounts withheld under sub. (5) (a),
7 applies to the amount withheld under this subsection.

8 **SECTION 36.** 565.01 (2m) of the statutes is created to read:

9 **565.01 (2m)** "Federal income tax number" means either a taxpayer
10 identification number or a federal employer identification number, as required by
11 the internal revenue service.

12 **SECTION 37.** 565.30 (5) of the statutes, as affected by 1999 Wisconsin Act 9, is
13 amended to read:

14 **565.30 (5) WITHHOLDING OF DELINQUENT STATE TAXES, CHILD SUPPORT OR DEBTS**
15 **OWED THE STATE.** The administrator shall report the name, address and social security
16 number or federal income tax number of each winner of a lottery prize equal to or
17 greater than \$1,000 and the name, address and social security number or federal
18 income tax number of each person to whom a lottery prize equal to or greater than
19 \$1,000 has been assigned to the department of revenue to determine whether the
20 payee or assignee of the prize is delinquent in the payment of state taxes under ch.
21 71, 72, 76, 77, 78 or 139 or, if applicable, in the court-ordered payment of child
22 support or has a debt owing to the state. Upon receipt of a report under this
23 subsection, the department of revenue shall first ascertain based on certifications by
24 the department of workforce development or its designee under s. 49.855 (1) whether
25 any person named in the report is currently delinquent in court-ordered payment

BILL**SECTION 37**

1 of child support and shall next certify to the administrator whether any person
2 named in the report is delinquent in court-ordered payment of child support or
3 payment of state taxes under ch. 71, 72, 76, 77, 78 or 139. Upon this certification by
4 the department of revenue or upon court order the administrator shall withhold the
5 certified amount and send it to the department of revenue for remittance to the
6 appropriate agency or person. At the time of remittance, the department of revenue
7 shall charge its administrative expenses to the state agency that has received the
8 remittance. The administrative expenses received by the department of revenue
9 shall be credited to the appropriation under s. 20.566 (1) (h). In instances in which
10 the payee or assignee of the prize is delinquent both in payments for state taxes and
11 in court-ordered payments of child support, or is delinquent in one or both of these
12 payments and has a debt owing to the state, the amount remitted to the appropriate
13 agency or person shall be in proportion to the prize amount as is the delinquency or
14 debt owed by the payee or assignee.

15 **SECTION 38.** 565.30 (6r) (c) 10. of the statutes is created to read:

16 565.30 (6r) (c) 10. The individual or organization to whom part or all of the
17 lottery prize is assigned specifies in an affidavit that the individual or organization
18 agrees to withhold from any payment made to an assignor for the assignment of a
19 lottery prize the amount calculated under s. 71.67 (5m) and agrees to deposit that
20 amount as required under s. 71.67 (5m).

21 **SECTION 39. Initial applicability.**

22 (1) DEPRECIATION DEDUCTIONS. The treatment of sections 71.01 (7r), 71.26 (3) (y),
23 71.365 (1m) and 71.45 (2) (a) 13. of the statutes first applies to property placed in
24 service in taxable years beginning on January 1, 2000.

BILL

1 (2) **LOTTERY PRIZE ASSIGNMENT.** The creation of section 565.30 (6r) (c) 10. of the
2 statutes first applies to court orders issued on the effective date of this subsection.

3 (END)

State of Wisconsin



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APPENDIX TO

1999 ASSEMBLY BILL 860

*Report of the Joint Survey Committee on
Tax Exemptions*

STATE OF WISCONSIN

REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

1999 ASSEMBLY BILL 860

[Introduced by Representative Gard; cosponsored by Senator Burke, by request of Department of Revenue.]

General Nature of Proposal and Fiscal Effect Upon the State

Generally, references to the Internal Revenue Code (IRC) in Wisconsin's tax code are periodically updated to reflect changes made by Congress to the IRC. This bill updates references to the IRC in Wisconsin's tax code to incorporate recent Congressional changes. In addition, the bill makes changes to current law with respect to the voluntary assignment of lottery prize winnings. The provisions of the bill that affect tax exemptions are more fully described below.

1. Employer Provider Educational Assistance

The recent changes to the IRC extend the exclusion from income for employer provided educational assistance to cover expenses paid by an employer for courses other than graduate level courses beginning before January 1, 2000. Under prior law, the exclusion applied to courses beginning before June 1, 2000. Under federal law, the exclusion is allowed for tuition, fees, books, supplies and equipment. A person may claim an exclusion of no more than \$5,250 per year.

The Department of Revenue (DOR) estimates that if the extension of this exclusion is adopted by Wisconsin there will be a revenue loss of \$2.2 million in fiscal year 2001 and \$1.4 million in fiscal year 2002.

2. Environmental Remediation Costs

The recent changes to the IRC extend the expiration date for an election to deduct certain environmental remediation expenditures that would otherwise be charged to a capital account. The expiration date for making such an election would be December 31, 2001. Under the federal law, the election applies to both regular income tax and alternative minimum tax. Generally, the expenditure must be incurred in connection with abatement or control of hazardous substances at a qualified contamination site. A qualified contamination site must be: (a) held for use in a trade or business, for production of income or as inventory; (b) certified by a state agency as located in a targeted area; and (c) contain a hazardous substance.

The DOR estimates that the fiscal effect of adopting this change would be a loss of state revenues of \$0.1 million in fiscal year 2001 and \$0.3 million in fiscal year 2002.

3. Split-Dollar Insurance Arrangements

The federal changes to the IRC prohibit taxpayers from claiming charitable deductions for transfers associated with "split-dollar insurance arrangements." Generally, these arrangements involve transfers of money to a charity that are then used to pay premiums for life insurance on the life of the transferor or another individual. Exceptions are provided in the law for annuity contracts purchased by charities who fund charitable gift annuities and for charitable remainder trusts that hold life insurance, annuity or endowment contracts to pay annuity or uni-trust amounts. In these situations, the deduction allowed by federal law is limited to the value of the charity's interest.

The DOR indicates that the fiscal effect of this change would be a minimal revenue gain to the State of Wisconsin.

4. Real Estate Investment Trusts

Recent enactments of federal law made several changes to the IRC relating to the treatment of Real Estate Investment Trusts (REITs). One of the changes limits the deductible amount of interest paid or accrued by a taxable REIT subsidiary to its REIT parent so that a REIT subsidiary cannot deduct interest in any year that would exceed 50% of its adjusted gross income. This change would be effective for tax years beginning after December 31, 2001.

The DOR estimates that in conjunction with the other changes made to the REIT laws adopting the changes would result in state revenues of \$0.2 million in fiscal year 2001 and \$0.2 million in fiscal year 2002.

Legality Involved

There are no questions of legality involved.

Public Policy Involved

The provisions of the bill affecting tax exemptions are good public policy.