

2005 DRAFTING REQUEST

Assembly Amendment (AA-AB544)

Received: 09/07/2005

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Debra Towns (608) 266-9650

By/Representing: Heather

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters: jkreye

Subject: Tax, Individual - dedct/sbtrct
Tax, Business - miscellaneous

Extra Copies: RNK

Submit via email: YES

Requester's email: Rep.Towns@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Tax deduction for contributions to certain university housing; accelerated depreciation for sprinkler systems

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>
/?	mshovers 09/07/2005 jkreye 09/07/2005	lkunkel 09/08/2005		_____			
/1			jfrantze 09/09/2005	_____	mbarman 09/09/2005	mbarman 09/09/2005	

FE Sent For:

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/?	mshovers	1/mk 9/8	J 9/9	<u>Sell</u> 9/9			

FE Sent For:

<END>

Kite, Robin

From: Shea, Heather
Sent: Tuesday, September 06, 2005 5:11 PM
To: Kite, Robin
Cc: Shea, Heather; Towns, Debi
Subject: Amendment to AB 544

Robin,

Per our conversation on the phone, Representative Towns is looking to draft an amendment to AB 544 that would help facilitate infrastructure upgrades to student housing units.

We would like an amendment that would allow a state tax deduction to alumni who donate to sororities and fraternities specifically for building improvement projects. The exemption would apply to alumni who donate to sororities or fraternities that are affiliated with a Wisconsin campus. Below I have copied the language to federal bill (HR 1548) authored by Representative Paul Ryan.

We would also like to incorporate an accelerated depreciation schedule for owners of "private student residential housing" units that would be required to install these sprinkler systems. We would let them depreciate 50% of the cost for the year of installation. The remaining 50% would be amortized over the natural life. In the long run this would be revenue neutral to the state.

If you need more information or have further questions on this please feel free to e-mail or call, 266-9650. AB 544 had a public hearing today and will be scheduled for executive session soon so we would like this drafted as soon as possible. Thanks for your help.

Heather Shea

Legislative Assistant
Representative Debi Towns
Phone: 608-266-9650
<http://www.legis.state.wi.us/assembly/asm43/news/index.htm>

Collegiate Housing and Infrastructure Act of 2005 (Introduced in House)

HR 1548 IH

109th CONGRESS

1st Session

H. R. 1548

To amend the Internal Revenue Code of 1986 to provide for collegiate housing and infrastructure grants.

IN THE HOUSE OF REPRESENTATIVES

April 12, 2005

Mr. RYAN of Wisconsin (for himself and Mr. CARDIN) introduced the following bill; which was referred to

A BILL

To amend the Internal Revenue Code of 1986 to provide for collegiate housing and infrastructure grants.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Collegiate Housing and Infrastructure Act of 2005'.

SEC. 2. CHARITABLE ORGANIZATIONS PERMITTED TO MAKE COLLEGIATE HOUSING AND INFRASTRUCTURE GRANTS.

(a) In General- Section 501 of the Internal Revenue Code of 1986 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

'(q) Treatment of Organizations Making Collegiate Housing and Infrastructure Improvement Grants-

'(1) IN GENERAL- For purposes of subsection (c)(3) and sections 170(c)(2)(B), 2055(a)(2), and 2522(a)(2), an organization shall not fail to be treated as organized and operated exclusively for charitable or educational purposes solely because such organization makes collegiate housing and infrastructure grants to an organization described in subsection (c)(7), so long as, at the time of the grant, substantially all of the active members of the recipient organization are full-time students at the college or university with which such recipient organization is associated.

'(2) HOUSING AND INFRASTRUCTURE GRANTS- For purposes of paragraph (1), collegiate housing and infrastructure grants are grants to provide, improve, operate, or maintain collegiate housing that may involve more than incidental social, recreational, or private purposes, so long as such grants are for purposes that would be permissible for a dormitory of the college or university referred to in paragraph (1). A grant shall not be treated as a collegiate housing and infrastructure grant for purposes of paragraph (1) to the extent that such grant is used to provide physical fitness equipment.

'(3) GRANTS TO CERTAIN ORGANIZATIONS HOLDING TITLE TO PROPERTY, ETC- For purposes of this subsection, a collegiate housing and infrastructure grant to an organization described in subsection (c)(2) or (c)(7) holding title to property exclusively for the benefit of an organization described in subsection (c)(7) shall be considered a grant to the organization described in subsection (c)(7) for whose benefit such property is held.'

(b) Effective Date- The amendment made by this section shall apply to grants made in taxable years ending after the date of the enactment of this Act.

Heather Shea

Legislative Assistant
Representative Debi Towns
Phone: 608-266-9650

<http://www.legis.state.wi.us/assembly/asm43/news/index.htm>

2005 ASSEMBLY BILL 544

July 7, 2005 – Introduced by Representatives KREIBICH, KRAWCZYK, HINES, OTT, MCCORMICK, MOLEPSKE, LAMB, VRUWINK, CULLEN and SHILLING, cosponsored by Senators BROWN, OLSEN, RISSER, LASSA and PLALE. Referred to Committee on Colleges and Universities.

1 AN ACT *to renumber* 101.14 (4) (b) 1.; *to renumber and amend* 101.14 (4) (b)
2 3.; *to amend* 101.14 (4) (b) 2. a. and 101.14 (4) (b) 2. c.; and *to create* 101.14
3 (4) (b) 1m. and 101.14 (4) (b) 3. c., d., e. and f. of the statutes; **relating to:**
4 automatic fire sprinkler systems in certain residence halls and other student
5 residential facilities and granting rule-making authority.

Analysis by the Legislative Reference Bureau

Under current law, all University of Wisconsin (UW) System residence halls and dormitories over 60 feet tall that were constructed before April 26, 2000, must be fitted with an automatic fire sprinkler system on each floor before January 1, 2006, with the exception of Ogg Residence Hall at UW-Madison. The requirement does not apply to that building until January 1, 2008. This bill creates automatic fire sprinkler requirements for residence halls and dormitories of other institutions of higher education and certain other student residential facilities. Under this bill, all residence halls and dormitories that are over 60 feet tall, that are owned or operated by an institution of higher education other than the UW System, and that are constructed before the bill becomes law must be fitted with an automatic fire sprinkler system on each floor by the first day of the 60th month after the bill becomes law. In addition, all student residential facilities that are operated by fraternities, sororities, or other organizations authorized or sponsored by an institution of higher education, and all privately owned and operated student residential buildings over 60 feet in height, that are constructed before the date on

ASSEMBLY BILL 544

which the bill becomes law must be fitted with an automatic fire sprinkler system on each floor by the first day of the 60th month after the bill becomes law.

Under current law, all UW System residence halls and dormitories that are constructed on or after April 26, 2000, must be fitted with an automatic fire sprinkler system on each floor during construction. This bill creates a similar requirement applicable to residence halls and dormitories of other institutions of higher education and certain other student residential facilities. Under this bill, all residence halls and dormitories that are owned or operated by an institution of higher education other than the UW System, all student residential facilities that are operated by fraternities, sororities, or other organizations authorized or sponsored by an institution of higher education, and all privately owned and operated student residential buildings that are constructed on or after the date on which the bill becomes law must be fitted with an automatic fire sprinkler system on each floor during construction.

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:

1 **SECTION 1.** 101.14 (4) (b) 1. of the statutes is renumbered 101.14 (4) (b) 1r.

2 **SECTION 2.** 101.14 (4) (b) 1m. of the statutes is created to read:

3 101.14 (4) (b) 1m. In this paragraph, “private student residential building”
4 means a privately owned and operated residential building that has a capacity of at
5 least 100 occupants, that is occupied by persons at least 80 percent of whom are
6 enrolled in an institution of higher education, and that has attributes usually
7 associated with a student residence hall or dormitory such as a food service plan or
8 occupancy by a resident advisor.

9 **SECTION 3.** 101.14 (4) (b) 2. a. of the statutes is amended to read:

10 101.14 (4) (b) 2. a. Subdivision 1. 1r. does not apply to any open parking
11 structure, as defined by the department.

12 **SECTION 4.** 101.14 (4) (b) 2. c. of the statutes is amended to read:

ASSEMBLY BILL 544

1 101.14 (4) (b) 2. c. Except as provided in subd. 3., subd. 1. 1r. does not apply to
2 any building over 60 feet in height the construction of which is completed or is begun
3 prior to July 3, 1974.

4 **SECTION 5.** 101.14 (4) (b) 3. of the statutes is renumbered 101.14 (4) (b) 3.
5 (intro.) and amended to read:

6 101.14 (4) (b) 3. (intro.) The rules of the department shall require every all of
7 the following:

8 a. Every residence hall and dormitory over 60 feet in height, the initial
9 construction of which was begun before April 26, 2000, that is owned or operated by
10 the board of regents of the University of Wisconsin System to contain an automatic
11 fire sprinkler system on each floor by January 1, 2006, except that those rules shall
12 not apply to Ogg Residence Hall at the University of Wisconsin–Madison until
13 January 1, 2008. ~~Notwithstanding par. (c) 1., the rules of the department shall~~
14 ~~further require every~~

15 b. Every residence hall and dormitory, the initial construction of which is begun
16 on or after April 26, 2000, that is owned or operated by the board of regents of the
17 University of Wisconsin System to have an automatic fire sprinkler system installed
18 on each floor at the time the residence hall or dormitory is constructed.

19 **SECTION 6.** 101.14 (4) (b) 3. c., d., e. and f. of the statutes are created to read:

20 101.14 (4) (b) 3. c. Every residence hall and dormitory over 60 feet in height,
21 the initial construction of which was begun before the effective date of this subd. 3.
22 c. [revisor inserts date], that is owned or operated by an institution of higher
23 education, other than a residence hall or dormitory that is owned or operated by the
24 Board of Regents of the University of Wisconsin System, to contain an automatic fire

ASSEMBLY BILL 544**SECTION 6**

1 sprinkler system on each floor by the first day of the 60th month beginning after the
2 effective date of this subd. 3. c. [revisor inserts date].

3 d. Every residence hall and dormitory, the initial construction of which is begun
4 on or after the effective date of this subd. 3. d. [revisor inserts date], that is owned
5 or operated by an institution of higher education, other than a residence hall or
6 dormitory that is owned or operated by the Board of Regents of the University of
7 Wisconsin System, to have an automatic fire sprinkler system installed on each floor
8 at the time the residence hall or dormitory is constructed.

9 e. Every student residential facility operated by a fraternity, sorority, or other
10 organization authorized or sponsored by an institution of higher education, the
11 initial construction of which was begun before the effective date of this subd. 3. e.
12 [revisor inserts date], and every private student residential building over 60 feet in
13 height, the initial construction of which was begun before the effective date of this
14 subd. 3. e. [revisor inserts date], to contain an automatic fire sprinkler system on
15 each floor by the first day of the 60th month beginning after the effective date of this
16 subd. 3. e. [revisor inserts date].

17 f. Every student residential facility operated by a fraternity, sorority, or other
18 organization authorized or sponsored by an institution of higher education, the
19 initial construction of which is begun on or after the effective date of this subd. 3. f.
20 [revisor inserts date], and every private student residential building, the initial
21 construction of which is begun on or after the effective date of this subd. 3. f.
22 [revisor inserts date], to have an automatic fire sprinkler system installed on each
23 floor at the time the facility is constructed.

24

(END)



State of Wisconsin
2005 - 2006 LEGISLATURE

LRBa0951/?
MES&JK.....

mk
mark

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT, ✓
TO 2005 ASSEMBLY BILL 544 ✓

in 9-7-05
due mon. 9-12

1 At the locations indicated, amend the bill as follows: ✓
2 **1.** Page 2, line 1: before that line insert: ✓
3 "SECTION 1b. 71.01 (7r) of the statutes is renumbered 71.01 (7r) (a) and ✓
4 amended to read:
5 71.01 (7r) (a) Notwithstanding sub. (6), and except as provided in par. (b), for ✓
6 purposes of computing amortization or depreciation, "Internal Revenue Code"
7 means the federal Internal Revenue Code as amended to December 31, 2000, except ✓
8 that property that, under s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated
9 for taxable year 1986 under the Internal Revenue Code as amended to
10 December 31, 1980, shall continue to be depreciated under the Internal Revenue
11 Code as amended to December 31, 1980.

History: 1987 a. 312; 1987 a. 411 ss. 6 to 8, 26, 27, 31; 1989 a. 31, 100, 336; 1991 a. 39, 269; 1993 a. 16, 112, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 109; 2003 a. 33; 2005 a. 25.

12 **SECTION 1d.** 71.01 (7r) (b) of the statutes is created to read:

1 71.01 (7r) (b) For property acquired and placed in service in taxable years
2 beginning after December 31, 2005, a person who owns and operates a private
3 student residential building, as defined under s. 101.14 (4) (b) 1m., may compute
4 amortization and depreciation for an automatic fire sprinkler system that is used in
5 a private student residential building at 50 percent of the cost of the automatic fire
6 sprinkler system for the first year that the system is acquired and placed in service
7 and under the Internal Revenue Code as amended to December 31, 2000, for
8 subsequent years.

9 **SECTION 1e.** 71.05 (6) (b) 39. of the statutes is created to read:

10 71.05 (6) (b) 39. Any amount donated by an individual, in the taxable year to
11 which the claim relates, to a fraternity or sorority that operates a student residential
12 facility, as described under s. 101.14 (4) (b) 3. e., if all of the following apply:

13 a. The donated amount is used only for building improvement projects at the
14 student residential facility.

15 b. The fraternity or sorority is affiliated with an institution of higher education
16 that is located in this state.

17 c. The fraternity or sorority is not described in section 501 (c) (3) of the Internal
18 Revenue Code and is not exempt from federal income tax under section 501 (a) of the
19 Internal Revenue Code.

20 d. The donor is an alumnus of the fraternity or sorority.

21 **SECTION 1g.** 71.26 (3) (y) of the statutes is renumbered 71.26 (3) (y) 1. and
22 amended to read:

23 71.26 (3) (y) 1. ~~A~~ Except as provided in subd. 2., a corporation shall compute
24 amortization and depreciation under the federal Internal Revenue Code as amended
25 to December 31, 2000, except that property first placed in service by the taxpayer on

1 or after January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and
 2 (br), 1985 stats., is required to be depreciated under the Internal Revenue Code as
 3 amended to December 31, 1980, and property first placed in service in taxable year
 4 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
 5 stats., is required to be depreciated under the Internal Revenue Code as amended
 6 to December 31, 1980, shall continue to be depreciated under the Internal Revenue
 7 Code as amended to December 31, 1980.

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428;
 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25.

8 **SECTION 1h.** 71.26 (3) (y) 2. of the statutes is created to read:

9 71.26 (3) (y) 2. For property acquired and placed in service in taxable years
 10 beginning after December 31, 2005, a corporation that owns and operates a private
 11 student residential building, as defined under s. 101.14 (4) (b) 1m., may compute
 12 amortization and depreciation for an automatic fire sprinkler system that is used in
 13 a private student residential building at 50 percent of the cost of the automatic fire
 14 sprinkler system for the first year that the system is acquired and placed in service
 15 and under the Internal Revenue Code as amended to December 31, 2000, for
 16 subsequent years.

17 **SECTION 1m.** 71.365 (1m) of the statutes is renumbered 71.365 (1m) (a) and
 18 amended to read:

19 **71.365 (1m) (a) TAX-OPTION CORPORATIONS; DEPRECIATION.** ~~A~~ Except as provided
 20 in par. (b), a tax-option corporation shall compute amortization and depreciation
 21 under the federal Internal Revenue Code as amended to December 31, 2000, except
 22 that property first placed in service by the taxpayer on or after January 1, 1983, but
 23 before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required
 24 to be depreciated under the Internal Revenue Code as amended to

1 December 31, 1980, and property first placed in service in taxable year 1981 or
2 thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is
3 required to be depreciated under the Internal Revenue Code as amended to
4 December 31, 1980, shall continue to be depreciated under the Internal Revenue
5 Code as amended to December 31, 1980. Any difference between the adjusted basis
6 for federal income tax purposes and the adjusted basis under this chapter shall be
7 taken into account in determining net income or loss in the year or years for which
8 the gain or loss is reportable under this chapter. If that property was placed in
9 service by the taxpayer during taxable year 1986 and thereafter but before the
10 property is used in the production of income subject to taxation under this chapter,
11 the property's adjusted basis and the depreciation or other deduction schedule are
12 not required to be changed from the amount allowable on the owner's federal income
13 tax returns for any year because the property is used in the production of income
14 subject to taxation under this chapter. If that property was acquired in a transaction
15 in taxable year 1986 or thereafter in which the adjusted basis of the property in the
16 hands of the transferee is the same as the adjusted basis of the property in the hands
17 of the transferor, the Wisconsin adjusted basis of that property on the date of transfer
18 is the adjusted basis allowable under the Internal Revenue Code as defined for
19 Wisconsin purposes for the property in the hands of the transferor.

20 History: 1987 a. 312; 1987 a. 411 ss. 40, 50, 147; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 109.

SECTION 1n. 71.365 (1m) (b) of the statutes is created to read:

21 71.365 (1m) (b) For property acquired and placed in service in taxable years
22 beginning after December 31, 2005, a tax-option corporation that owns and operates
23 a private student residential building, as defined under s. 101.14 (4) (b) 1m., may
24 compute amortization and depreciation for an automatic fire sprinkler system that

1 is used in a private student residential building at 50 percent of the cost of the
2 automatic fire sprinkler system for the first year that the system is acquired and
3 placed in service and under the Internal Revenue Code as amended to December 31,
4 2000, for subsequent years.”.

5 **2.** Page 2, line 1: delete “SECTION 1” and substitute “SECTION 1s”.

6 **3.** Page 4, line 23: after that line insert:

7 “SECTION 7m. Initial applicability.

8 (1) The treatment of section 71.05 (6) (b) 39. of the statues first applies to
9 taxable years beginning on January 1 of the year in which this subsection takes
10 effect, except that if this subsection takes effect after July 31 the treatment of section
11 71.05 (6) (b) ³⁹⁰ first applies to taxable years beginning on January 1 of the year
12 following the year in which this subsection takes effect.”.

13

(END)