



2001 SENATE BILL 407

January 29, 2002 - Introduced by Senators BURKE, BAUMGART, ERPENBACH, GROBSCHMIDT, M. MEYER, RISSER and WIRCH, cosponsored by Representatives KRAWCZYK, LIPPERT, M. LEHMAN, GARD, JENSEN, GROTHMAN, OTT, SERATTI, D. MEYER, OWENS, J. FITZGERALD, NASS, RHOADES, MUSSER, VRAKAS, JOHNSRUD, HUNDERTMARK, LOEFFELHOLZ, WARD, MONTGOMERY, BIES, HAHN, LADWIG, WIECKERT, LEIBHAM, JESKEWITZ, SKINDRUD, POWERS, URBAN, STARZYK, KAUFERT, HINES, HUEBSCH, TOWNSEND, PETTIS, KESTELL, WALKER, UNDERHEIM, FRISKE and PETROWSKI. Referred to Joint Committee on Tax Exemptions.

1 **AN ACT to amend** 71.01 (6) (o), 71.22 (4) (o), 71.22 (4m) (m), 71.26 (2) (b) 15., 71.34
2 (1g) (o) and 71.42 (2) (n) of the statutes; **relating to:** references to the Internal
3 Revenue Code for income and franchise tax purposes.

Analysis by the Legislative Reference Bureau

This bill adopts, for income tax and franchise tax purposes, the changes to the federal Internal Revenue Code made by the individual income and pension and individual retirement arrangement provisions of the federal Economic Growth and Tax Relief Reconciliation Act of 2001, excluding the section related to a deduction for higher education expenses which is similar to a deduction allowed under current state law.

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:

4 **SECTION 1.** 71.01 (6) (o) of the statutes is amended 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

SENATE BILL 407**SECTION 1**

1 reserve funds, "Internal Revenue Code" means the federal Internal Revenue Code
2 as amended to December 31, 1999, excluding sections 103, 104, and 110 of P.L.
3 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66
4 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as
5 amended by P.L. 107-16, excluding sections 431 and 551 of P.L. 107-16, and as
6 indirectly affected 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. 101-280, P.L. 101-508, P.L. 102-90, P.L.
8 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L.
9 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and
10 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.
11 104-117, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605
12 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L.
13 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36 and, P.L. 106-170, and P.L.
14 107-16, excluding sections 431 and 551 of P.L. 107-16. The Internal Revenue Code
15 applies for Wisconsin purposes at the same time as for federal purposes.
16 Amendments to the federal Internal Revenue Code enacted after December 31, 1999,
17 do not apply to this paragraph with respect to taxable years beginning after
18 December 31, 1999, except that changes to the Internal Revenue Code made by P.L.
19 107-16, excluding sections 431 and 551 of P.L. 107-16, and changes that indirectly
20 affect the provisions applicable to this subchapter made by P.L. 107-16, excluding
21 sections 431 and 551 of P.L. 107-16, apply for Wisconsin purposes at the same time
22 as for federal purposes.

23 **SECTION 2.** 71.22 (4) (o) of the statutes is amended to read:

24 71.22 (4) (o) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
25 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after

SENATE BILL 407

1 December 31, 1999, means the federal Internal Revenue Code as amended to
2 December 31, 1999, excluding sections 103, 104, and 110 of P.L. 102-227, sections
3 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66 and sections 1123
4 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as amended by P.L.
5 107-16, excluding sections 431 and 551 of P.L. 107-16, and as indirectly affected in
6 the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.
7 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823
8 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.
9 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
10 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
11 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.
12 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections
13 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.
14 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.
15 106-36 and, P.L. 106-170, and P.L. 107-16, excluding sections 431 and 551 of P.L.
16 107-16. The Internal Revenue Code applies for Wisconsin purposes at the same time
17 as for federal purposes. Amendments to the federal Internal Revenue Code enacted
18 after December 31, 1999, do not apply to this paragraph with respect to taxable years
19 beginning after December 31, 1999, except that changes to the Internal Revenue
20 Code made by P.L. 107-16, excluding sections 431 and 551 of P.L. 107-16, and
21 changes that indirectly affect the provisions applicable to this subchapter made by
22 P.L. 107-16, excluding sections 431 and 551 of P.L. 107-16, apply for Wisconsin
23 purposes at the same time as for federal purposes.

24 **SECTION 3.** 71.22 (4m) (m) of the statutes is amended to read:

SENATE BILL 407**SECTION 3**

1 71.22 (4m) (m) For taxable years that begin after December 31, 1999, "Internal
2 Revenue Code", for corporations that are subject to a tax on unrelated business
3 income under s. 71.26 (1) (a), means the federal Internal Revenue Code as amended
4 to December 31, 1999, 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
6 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as amended by P.L.
7 107-16, excluding sections 431 and 551 of P.L. 107-16, and as indirectly affected in
8 the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.
9 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L.
10 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L.
11 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and
12 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.
13 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L.
14 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L.
15 105-206, P.L. 105-277, P.L. 106-36 and, P.L. 106-170, and P.L. 107-16, excluding
16 sections 431 and 551 of P.L. 107-16. The Internal Revenue Code applies for
17 Wisconsin purposes at the same time as for federal purposes. Amendments to the
18 Internal Revenue Code enacted after December 31, 1999, do not apply to this
19 paragraph with respect to taxable years beginning after December 31, 1999, except
20 that changes to the Internal Revenue Code made by P.L. 107-16, excluding sections
21 431 and 551 of P.L. 107-16, and changes that indirectly affect the provisions
22 applicable to this subchapter made by P.L. 107-16, excluding sections 431 and 551
23 of P.L. 107-16, apply for Wisconsin purposes at the same time as for federal purposes.

24 **SECTION 4.** 71.26 (2) (b) 15. of the statutes is amended to read:

SENATE BILL 407

1 71.26 (2) (b) 15. For taxable years that begin after December 31, 1999, for a
2 corporation, conduit or common law trust which qualifies as a regulated investment
3 company, real estate mortgage investment conduit, real estate investment trust or
4 financial asset securitization investment trust under the Internal Revenue Code as
5 amended to December 31, 1999, excluding sections 103, 104, and 110 of P.L. 102-227,
6 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66 and sections
7 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as amended by P.L.
8 107-16, excluding sections 431 and 551 of P.L. 107-16, and as indirectly affected in
9 the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.
10 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L.
11 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L.
12 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and
13 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.
14 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L.
15 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L.
16 105-206, P.L. 105-277, P.L. 106-36 and, P.L. 106-170, and P.L. 107-16, excluding
17 sections 431 and 551 of P.L. 107-16, “net income” means the federal regulated
18 investment company taxable income, federal real estate mortgage investment
19 conduit taxable income, federal real estate investment trust or financial asset
20 securitization investment trust taxable income of the corporation, conduit or trust
21 as determined under the Internal Revenue Code as amended to December 31, 1999,
22 excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171
23 (d), 13174, and 13203 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311,
24 and 1605 (d) of P.L. 104-188, and as amended by P.L. 107-16, excluding sections 431
25 and 551 of P.L. 107-16, and as indirectly affected in the provisions applicable to this

SENATE BILL 407

1 subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140,
2 P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104,
3 and 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, P.L. 105-277, P.L. 106-36 and, P.L.
8 106-170, and P.L. 107-16, excluding sections 431 and 551 of P.L. 107-16, except that
9 property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be depreciated
10 for taxable years 1983 to 1986 under the Internal Revenue Code as amended to
11 December 31, 1980, shall continue to be depreciated under the Internal Revenue
12 Code as amended to December 31, 1980, and except that the appropriate amount
13 shall be added or subtracted to reflect differences between the depreciation or
14 adjusted basis for federal income tax purposes and the depreciation or adjusted basis
15 under this chapter of any property disposed of during the taxable year. The Internal
16 Revenue Code as amended to December 31, 1999, 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. 107-16, excluding sections 431 and 551 of P.L. 107-16, and
20 as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514,
21 P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239,
22 P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L.
23 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d),
24 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.
25 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605

SENATE BILL 407

1 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L.
2 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36 and, P.L. 106-170, and P.L.
3 107-16, excluding sections 431 and 551 of P.L. 107-16, applies for Wisconsin
4 purposes at the same time as for federal purposes. Amendments to the Internal
5 Revenue Code enacted after December 31, 1999, do not apply to this subdivision with
6 respect to taxable years that begin after December 31, 1999, except that changes to
7 the Internal Revenue Code made by P.L. 107-16, excluding sections 431 and 551 of
8 P.L. 107-16, and changes that indirectly affect the provisions applicable to this
9 subchapter made by P.L. 107-16, excluding sections 431 and 551 of P.L. 107-16,
10 apply for Wisconsin purposes at the same time as for federal purposes.

11 **SECTION 5.** 71.34 (1g) (o) of the statutes is amended to read:

12 71.34 (1g) (o) "Internal Revenue Code" for tax-option corporations, for taxable
13 years that begin after December 31, 1999, means the federal Internal Revenue Code
14 as amended to December 31, 1999, excluding sections 103, 104, and 110 of P.L.
15 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66
16 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as
17 amended by P.L. 107-16, excluding sections 431 and 551 of P.L. 107-16, and as
18 indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L.
19 100-203, P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821
20 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L.
21 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
22 excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
23 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.
24 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188,
25 excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L.

SENATE BILL 407**SECTION 5**

1 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L.
2 105-277, P.L. 106-36 and, P.L. 106-170, and P.L. 107-16, excluding sections 431 and
3 551 of P.L. 107-16, except that section 1366 (f) (relating to pass-through of items to
4 shareholders) is modified by substituting the tax under s. 71.35 for the taxes under
5 sections 1374 and 1375. The Internal Revenue Code applies for Wisconsin purposes
6 at the same time as for federal purposes. Amendments to the federal Internal
7 Revenue Code enacted after December 31, 1999, do not apply to this paragraph with
8 respect to taxable years beginning after December 31, 1999, except that changes to
9 the Internal Revenue Code made by P.L. 107-16, excluding sections 431 and 551 of
10 P.L. 107-16, and changes that indirectly affect the provisions applicable to this
11 subchapter made by P.L. 107-16, excluding sections 431 and 551 of P.L. 107-16,
12 apply for Wisconsin purposes at the same time as for federal purposes.

13 **SECTION 6.** 71.42 (2) (n) of the statutes is amended to read:

14 71.42 (2) (n) For taxable years that begin after December 31, 1999, "Internal
15 Revenue Code" means the federal Internal Revenue Code as amended to
16 December 31, 1999, excluding sections 103, 104, and 110 of P.L. 102-227, sections
17 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66 and sections 1123
18 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as amended by P.L.
19 107-16, excluding sections 431 and 551 of P.L. 107-16, and as indirectly affected by
20 P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179,
21 P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L.
22 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150
23 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
24 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f),
25 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L.

SENATE BILL 407

1 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36 and, P.L. 106-170,
2 and P.L. 107-16, excluding sections 431 and 551 of P.L. 107-16, except that “Internal
3 Revenue Code” does not include section 847 of the federal Internal Revenue Code.
4 The Internal Revenue Code applies for Wisconsin purposes at the same time as for
5 federal purposes. Amendments to the federal Internal Revenue Code enacted after
6 December 31, 1999, do not apply to this paragraph with respect to taxable years
7 beginning after December 31, 1999, except that changes to the Internal Revenue
8 Code made by P.L. 107-16, excluding sections 431 and 551 of P.L. 107-16, and
9 changes that indirectly affect the provisions applicable to this subchapter made by
10 P.L. 107-16, excluding sections 431 and 551 of P.L. 107-16, apply for Wisconsin
11 purposes at the same time as for federal purposes.

12

(END)