



1995 ASSEMBLY BILL 1097

May 1, 1996 - Introduced by COMMITTEE ON ASSEMBLY ORGANIZATION. Referred to Joint survey committee on Tax Exemptions.

1 **AN ACT** *to repeal* 71.01 (6) (c), 71.22 (4) (c), 71.22 (4m) (a), 71.26 (2) (b) 3., 71.34
2 (1g) (c) and 71.42 (2) (b); *to amend* 71.01 (6) (i), 71.01 (6) (j), 71.01 (7r), 71.22
3 (4) (i), 71.22 (4) (j), 71.22 (4m) (g), 71.22 (4m) (h), 71.26 (2) (b) 9., 71.26 (2) (b)
4 10., 71.26 (3) (y), 71.34 (1g) (i), 71.34 (1g) (j), 71.365 (1m), 71.42 (2) (h), 71.42 (2)
5 (i) and 71.45 (2) (a) 13.; and *to create* 71.01 (6) (k), 71.22 (4) (k), 71.22 (4m) (i),
6 71.26 (2) (b) 11., 71.34 (1g) (k) and 71.42 (2) (j) of the statutes; **relating to:**
7 redefining the internal revenue code for the income tax and the franchise tax.

Analysis by the Legislative Reference Bureau

This bill creates the definition of "internal revenue code" for the income tax and franchise tax as it applies for taxable years that begin after December 31, 1995. The bill also slightly modifies the definition of that term as it applies to the 2 previous taxable years. The primary substantive effects are to deny the earned income tax credit to persons who have more than \$2,350 of investment income and to provide tax benefits for military personnel who serve in the former Yugoslavia.

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:

8 **SECTION 1.** 71.01 (6) (c) of the statutes is repealed.

1 **SECTION 2.** 71.01 (6) (i) of the statutes, as affected by 1995 Wisconsin Act 27,
2 is amended to read:

3 71.01 **(6)** (i) For taxable years that begin after December 31, 1993, and before
4 January 1, 1995, for natural persons and fiduciaries, except fiduciaries of nuclear
5 decommissioning trust or reserve funds, “internal revenue code” means the federal
6 internal revenue code as amended to December 31, 1993, excluding sections 103, 104
7 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d)
8 and 13215 of P.L. 103-66 and as amended by P.L. 103-296, P.L. 103-337 and, P.L.
9 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, and as indirectly affected
10 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,
11 P.L. 101-239, P.L. 101-280, P.L. 101-508, P.L. 102-90, P.L. 102-227, excluding
12 sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66,
13 excluding sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L.
14 103-66, P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L. 104-7, excluding
15 section 1 of P.L. 104-7. The internal revenue code applies for Wisconsin purposes at
16 the same time as for federal purposes. Amendments to the federal internal revenue
17 code enacted after December 31, 1993, do not apply to this paragraph with respect
18 to taxable years beginning after December 31, 1993, and before January 1, 1995,
19 except that changes to the internal revenue code made by P.L. 103-296, P.L. 103-337
20 and, P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, and changes that
21 indirectly affect the provisions applicable to this subchapter made by P.L. 103-276,
22 P.L. 103-337 and, P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7,
23 apply for Wisconsin purposes at the same time as for federal purposes.

24 **SECTION 3.** 71.01 (6) (j) of the statutes, as created by 1995 Wisconsin Act 27,
25 is amended to read:

1 71.01 (6) (j) For taxable years that begin after December 31, 1994, and before
2 January 1, 1996, for natural persons and fiduciaries, except fiduciaries of nuclear
3 decommissioning trust or reserve funds, “internal revenue code” means the federal
4 internal revenue code as amended to December 31, 1994, excluding sections 103, 104
5 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203
6 (d) of P.L. 103-66, and as amended by P.L. 104-7 and P.L. 104-117 and as indirectly
7 affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L.
8 101-179, P.L. 101-239, P.L. 101-280, P.L. 101-508, P.L. 102-90, P.L. 102-227,
9 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486 and
10 P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of
11 P.L. 103-66, P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and “internal revenue
12 code” means ~~amendments to section 162 of the federal internal revenue code made~~
13 ~~by~~, P.L. 104-7 and P.L. 104-117. The internal revenue code applies for Wisconsin
14 purposes at the same time as for federal purposes. Amendments to the federal
15 internal revenue code enacted after December 31, 1994, ~~except amendments to~~
16 ~~section 162 of the federal internal revenue code made by P.L. 104-7~~, do not apply to
17 this paragraph with respect to taxable years beginning after December 31, 1994, and
18 before January 1, 1996, except that changes to the internal revenue code made by
19 P.L. 104-7 and P.L. 104-117 and changes that indirectly affect the provisions
20 applicable to this subchapter made by P.L. 104-7 and P.L. 104-117 apply for
21 Wisconsin purposes at the same time as for federal purposes.

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

23 71.01 (6) (k) For taxable years that begin after December 31, 1995, for natural
24 persons and fiduciaries, except fiduciaries of nuclear decommissioning trust or
25 reserve funds, “internal revenue code” means the federal internal revenue code as

1 amended to December 31, 1995, excluding sections 103, 104 and 110 of P.L. 102-227
2 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as
3 amended by P.L. 104-117, and as indirectly affected by P.L. 99-514, P.L. 100-203,
4 P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-280,
5 P.L. 101-508, P.L. 102-90, P.L. 102-227, excluding sections 103, 104 and 110 of P.L.
6 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150
7 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
8 103-465, P.L. 104-7 and P.L. 104-117. The internal revenue code applies for
9 Wisconsin purposes at the same time as for federal purposes. Amendments to the
10 federal internal revenue code enacted after December 31, 1995, do not apply to this
11 paragraph with respect to taxable years beginning after December 31, 1995, except
12 that changes to the internal revenue code made by P.L. 104-117 and changes that
13 indirectly affect the provisions applicable to this subchapter made by P.L. 104-117
14 apply for Wisconsin purposes at the same time as for federal purposes.

15 **SECTION 5.** 71.01 (7r) of the statutes, as affected by 1995 Wisconsin Act 27, is
16 amended to read:

17 71.01 (7r) Notwithstanding sub. (6), for purposes of computing amortization
18 or depreciation, "internal revenue code" means either the federal internal revenue
19 code as amended to December 31, ~~1994~~ 1995, or the federal internal revenue code in
20 effect for the taxable year for which the return is filed, except that property that,
21 under s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated for taxable year
22 1986 under the internal revenue code as amended to December 31, 1980, shall
23 continue to be depreciated under the internal revenue code as amended to December
24 31, 1980.

25 **SECTION 6.** 71.22 (4) (c) of the statutes is repealed.

1 **SECTION 7.** 71.22 (4) (i) of the statutes, as affected by 1995 Wisconsin Act 27,
2 is amended to read:

3 71.22 (4) (i) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
4 (1g) and 71.42 (2), “internal revenue code”, for taxable years that begin after
5 December 31, 1993, and before January 1, 1995, means the federal internal revenue
6 code as amended to December 31, 1993, excluding sections 103, 104 and 110 of P.L.
7 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L.
8 103-66, and as amended by P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L.
9 104-7, excluding section 1 of P.L. 104-7, and as indirectly affected in the provisions
10 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding
11 sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and 823 (c) (2) of P.L. 99-514
12 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L.
13 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L.
14 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150
15 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66 and, P.L. 103-296, P.L.
16 103-337 and, P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7. The
17 internal revenue code applies for Wisconsin purposes at the same time as for federal
18 purposes. Amendments to the federal internal revenue code enacted after December
19 31, 1993, do not apply to this paragraph with respect to taxable years beginning after
20 December 31, 1993, and before January 1, 1995, except that changes to the internal
21 revenue code made by P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L. 104-7,
22 excluding section 1 of P.L. 104-7, and changes that indirectly affect the provisions
23 applicable to this subchapter made by P.L. 103-296, P.L. 103-337 and, P.L. 103-465
24 and P.L. 104-7, excluding section 1 of P.L. 104-7, apply for Wisconsin purposes at the
25 same time as for federal purposes.

1 **SECTION 8.** 71.22 (4) (j) of the statutes, as created by 1995 Wisconsin Act 27,
2 is amended to read:

3 71.22 (4) (j) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
4 (1g) and 71.42 (2), “internal revenue code”, for taxable years that begin after
5 December 31, 1994, and before January 1, 1996, means the federal internal revenue
6 code as amended to December 31, 1994, excluding sections 103, 104 and 110 of P.L.
7 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66,
8 and as amended by P.L. 104-7 and as indirectly affected in the provisions applicable
9 to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803
10 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and 823 (c) (2) of P.L. 99-514 and section
11 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239,
12 P.L. 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 ~~and~~, P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465
15 and P.L. 104-7. The internal revenue code applies for Wisconsin purposes at the
16 same time as for federal purposes. Amendments to the federal internal revenue code
17 enacted after December 31, 1994, do not apply to this paragraph with respect to
18 taxable years beginning after December 31, 1994, and before January 1, 1996, except
19 that changes to the internal revenue code made by P.L. 104-7 and changes that
20 indirectly affect the provisions applicable to this subchapter made by P.L. 104-7
21 apply for Wisconsin purposes at the same time as for federal purposes.

22 **SECTION 9.** 71.22 (4) (k) of the statutes is created to read:

23 71.22 (4) (k) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
24 (1g) and 71.42 (2), “internal revenue code”, for taxable years that begin after
25 December 31, 1995, means the federal internal revenue code as amended to

1 December 31, 1995, excluding sections 103, 104 and 110 of P.L. 102-227 and sections
2 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as indirectly
3 affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,
4 P.L. 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and
5 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.
6 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
7 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
8 sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L.
9 103-296, P.L. 103-337, P.L. 103-465 and P.L. 104-7. The internal revenue code
10 applies for Wisconsin purposes at the same time as for federal purposes.
11 Amendments to the federal internal revenue code enacted after December 31, 1995,
12 do not apply to this paragraph with respect to taxable years beginning after
13 December 31, 1995.

14 **SECTION 10.** 71.22 (4m) (a) of the statutes is repealed.

15 **SECTION 11.** 71.22 (4m) (g) of the statutes, as affected by 1995 Wisconsin Act
16 27, is amended to read:

17 71.22 (4m) (g) For taxable years that begin after December 31, 1993, and before
18 January 1, 1995, "internal revenue code", for corporations that are subject to a tax
19 on unrelated business income under s. 71.26 (1) (a), means the federal internal
20 revenue code as amended to December 31, 1993, excluding sections 103, 104 and 110
21 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215
22 of P.L. 103-66, and as amended by P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and
23 P.L. 104-7, excluding section 1 of P.L. 104-7, 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 P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,

1 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
2 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215
3 of P.L. 103-66, P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 and P.L. 104-7,
4 excluding section 1 of P.L. 104-7. The internal revenue code applies for Wisconsin
5 purposes at the same time as for federal purposes. Amendments to the internal
6 revenue code enacted after December 31, 1993, do not apply to this paragraph with
7 respect to taxable years beginning after December 31, 1993, and before January 1,
8 1995, except that changes to the internal revenue code made by P.L. 103-296, P.L.
9 103-337 ~~and~~, P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, and
10 changes that indirectly affect the provisions applicable to this subchapter made by
11 P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 and P.L. 104-7, excluding section 1 of
12 P.L. 104-7, apply for Wisconsin purposes at the same time as for federal purposes.

13 **SECTION 12.** 71.22 (4m) (h) of the statutes, as created by 1995 Wisconsin Act
14 27, is amended to read:

15 71.22 (4m) (h) For taxable years that begin after December 31, 1994, and before
16 January 1, 1996, "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, 1994, excluding sections 103, 104 and 110
19 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
20 103-66, and as amended by P.L. 104-7 and as indirectly affected in the provisions
21 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L.
22 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
23 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
24 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
25 103-66, P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 and P.L. 104-7. The internal

1 revenue code applies for Wisconsin purposes at the same time as for federal purposes.
2 Amendments to the internal revenue code enacted after December 31, 1994, do not
3 apply to this paragraph with respect to taxable years beginning after December 31,
4 1994, and before January 1, 1996, except that changes to the internal revenue code
5 made by P.L. 104-7, and changes that indirectly affect the provisions applicable to
6 this subchapter made by P.L. 104-7 apply for Wisconsin purposes at the same time
7 as for federal purposes.

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

9 71.22 (4m) (i) For taxable years that begin after December 31, 1995, "internal
10 revenue code", for corporations that are subject to a tax on unrelated business income
11 under s. 71.26 (1) (a), means the federal internal revenue code as amended to
12 December 31, 1995, excluding sections 103, 104 and 110 of P.L. 102-227 and sections
13 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as indirectly
14 affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,
15 P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508,
16 P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L.
17 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and
18 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465 and P.L. 104-7.
19 The internal revenue code applies for Wisconsin purposes at the same time as for
20 federal purposes. Amendments to the internal revenue code enacted after December
21 31, 1995, do not apply to this paragraph with respect to taxable years beginning after
22 December 31, 1995.

23 **SECTION 14.** 71.26 (2) (b) 3. of the statutes is repealed.

24 **SECTION 15.** 71.26 (2) (b) 9. of the statutes, as affected by 1995 Wisconsin Act
25 27, is amended to read:

1 71.26 (2) (b) 9. For taxable years that begin after December 31, 1993, and before
2 January 1, 1995, for a corporation, conduit or common law trust which qualifies as
3 a regulated investment company, real estate mortgage investment conduit or real
4 estate investment trust under the internal revenue code as amended to December
5 31, 1993, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113,
6 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and as amended by
7 P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 and P.L. 104-7 and as indirectly
8 affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,
9 P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508,
10 P.L. 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, 13203
12 (d) and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 and P.L.
13 104-7, excluding section 1 of P.L. 104-7, “net income” means the federal regulated
14 investment company taxable income, federal real estate mortgage investment
15 conduit taxable income or federal real estate investment trust taxable income of the
16 corporation, conduit or trust as determined under the internal revenue code as
17 amended to December 31, 1993, excluding sections 103, 104 and 110 of P.L. 102-227
18 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66,
19 and as amended by P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 and P.L. 104-7,
20 excluding section 1 of P.L. 104-7, and as indirectly affected in the provisions
21 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L.
22 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
23 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
24 103-66, P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 excluding sections 13113,
25 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and P.L. 104-7,

1 excluding section 1 of P.L. 104-7, except that property that, under s. 71.02 (1) (c) 8.
2 to 11., 1985 stats., is required to be depreciated for taxable years 1983 to 1986 under
3 the internal revenue code as amended to December 31, 1980, shall continue to be
4 depreciated under the internal revenue code as amended to December 31, 1980, and
5 except that the appropriate amount shall be added or subtracted to reflect
6 differences between the depreciation or adjusted basis for federal income tax
7 purposes and the depreciation or adjusted basis under this chapter of any property
8 disposed of during the taxable year. The internal revenue code as amended to
9 December 31, 1993, excluding sections 103, 104 and 110 of P.L. 102-227 and sections
10 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and as
11 amended by P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L. 104-7, excluding
12 section 1 of P.L. 104-7, and as indirectly affected in the provisions applicable to this
13 subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140,
14 P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104
15 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections
16 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, P.L. 103-296,
17 P.L. 103-337 and, P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7,
18 applies for Wisconsin purposes at the same time as for federal purposes.
19 Amendments to the internal revenue code enacted after December 31, 1993, do not
20 apply to this subdivision with respect to taxable years that begin after December 31,
21 1993, and before January 1, 1995, except that changes to the internal revenue code
22 made by P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L. 104-7, excluding
23 section 1 of P.L. 104-7, and changes that indirectly affect the provisions applicable
24 to this subchapter made by P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L.

1 104-7, excluding section 1 of P.L. 104-7, apply for Wisconsin purposes at the same
2 time as for federal purposes.

3 **SECTION 16.** 71.26 (2) (b) 10. of the statutes, as created by 1995 Wisconsin Act
4 27, is amended to read:

5 71.26 (2) (b) 10. For taxable years that begin after December 31, 1994, and
6 before January 1, 1996, for a corporation, conduit or common law trust which
7 qualifies as a regulated investment company, real estate mortgage investment
8 conduit or real estate investment trust under the internal revenue code as amended
9 to December 31, 1994, excluding sections 103, 104 and 110 of P.L. 102-227 and
10 sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as
11 amended by P.L. 104-7 and as indirectly affected in the provisions applicable to this
12 subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140,
13 P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104
14 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486 ~~and~~, P.L. 103-66, excluding
15 sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L.
16 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 and P.L. 104-7 “net income” means the
17 federal regulated investment company taxable income, federal real estate mortgage
18 investment conduit taxable income or federal real estate investment trust taxable
19 income of the corporation, conduit or trust as determined under the internal revenue
20 code as amended to December 31, 1994, excluding sections 103, 104 and 110 of P.L.
21 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.
22 103-66, and as amended by P.L. 104-7 and as indirectly affected in the provisions
23 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L.
24 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
25 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.

1 103-66, P.L. 103-296, P.L. 103-337 and, P.L. 103-465 excluding sections 13113,
2 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and P.L. 104-7 except that
3 property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be depreciated
4 for taxable years 1983 to 1986 under the internal revenue code as amended to
5 December 31, 1980, shall continue to be depreciated under the internal revenue code
6 as amended to December 31, 1980, and except that the appropriate amount shall be
7 added or subtracted to reflect differences between the depreciation or adjusted basis
8 for federal income tax purposes and the depreciation or adjusted basis under this
9 chapter of any property disposed of during the taxable year. The internal revenue
10 code as amended to December 31, 1994, excluding sections 103, 104 and 110 of P.L.
11 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.
12 103-66, and as amended by P.L. 104-7 and as indirectly affected in the provisions
13 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L.
14 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
15 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
16 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.
17 103-66, P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L. 104-7 applies for
18 Wisconsin purposes at the same time as for federal purposes. Amendments to the
19 internal revenue code enacted after December 31, 1994, do not apply to this
20 subdivision with respect to taxable years that begin after December 31, 1994, and
21 before January 1, 1996, except that changes made by P.L. 104-7 and changes that
22 indirectly affect the provisions applicable to this subchapter made by P.L. 104-7
23 apply for Wisconsin purposes at the same time as for federal purposes.

24 **SECTION 17.** 71.26 (2) (b) 11. of the statutes is created to read:

1 71.26 (2) (b) 11. For taxable years that begin after December 31, 1995, for a
2 corporation, conduit or common law trust which qualifies as a regulated investment
3 company, real estate mortgage investment conduit or real estate investment trust
4 under the internal revenue code as amended to December 31, 1995, excluding
5 sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d),
6 13174 and 13203 (d) of P.L. 103-66, and as indirectly affected in the provisions
7 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L.
8 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
9 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
10 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
11 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465 and P.L. 104-7 “net income” means
12 the federal regulated investment company taxable income, federal real estate
13 mortgage investment conduit taxable income or federal real estate investment trust
14 taxable income of the corporation, conduit or trust as determined under the internal
15 revenue code as amended to December 31, 1995, excluding sections 103, 104 and 110
16 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
17 103-66, and as indirectly affected in the provisions applicable to this subchapter by
18 P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179,
19 P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L.
20 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
21 103-465 and P.L. 104-7 excluding sections 13113, 13150 (d), 13171 (d), 13174 and
22 13203 (d) of P.L. 103-66, except that property that, under s. 71.02 (1) (c) 8. to 11., 1985
23 stats., is required to be depreciated for taxable years 1983 to 1986 under the internal
24 revenue code as amended to December 31, 1980, shall continue to be depreciated
25 under the internal revenue code as amended to December 31, 1980, and except that

1 the appropriate amount shall be added or subtracted to reflect differences between
2 the depreciation or adjusted basis for federal income tax purposes and the
3 depreciation or adjusted basis under this chapter of any property disposed of during
4 the taxable year. The internal revenue code as amended to December 31, 1995,
5 excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d),
6 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as indirectly affected in the
7 provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647,
8 P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
9 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
10 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
11 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465 and P.L. 104-7 applies for
12 Wisconsin purposes at the same time as for federal purposes. Amendments to the
13 internal revenue code enacted after December 31, 1995, do not apply to this
14 subdivision with respect to taxable years that begin after December 31, 1995.

15 **SECTION 18.** 71.26 (3) (y) of the statutes, as affected by 1995 Wisconsin Act 27,
16 is amended to read:

17 71.26 (3) (y) A corporation may compute amortization and depreciation under
18 either the federal internal revenue code as amended to December 31, 1994 1995, or
19 the federal internal revenue code in effect for the taxable year for which the return
20 is filed, except that property first placed in service by the taxpayer on or after
21 January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br),
22 1985 stats., is required to be depreciated under the internal revenue code as
23 amended to December 31, 1980, and property first placed in service in taxable year
24 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
25 stats., is required to be depreciated under the internal revenue code as amended to

1 December 31, 1980, shall continue to be depreciated under the internal revenue code
2 as amended to December 31, 1980.

3 **SECTION 19.** 71.34 (1g) (c) of the statutes is repealed.

4 **SECTION 20.** 71.34 (1g) (i) of the statutes, as affected by 1995 Wisconsin Act 27,
5 is amended to read:

6 71.34 (1g) (i) "Internal revenue code" for tax-option corporations, for taxable
7 years that begin after December 31, 1993, and before January 1, 1995, means the
8 federal internal revenue code as amended to December 31, 1993, excluding sections
9 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174,
10 13203 (d) and 13215 of P.L. 103-66, and as amended by P.L. 103-296, P.L. 103-337
11 and, P.L. 103-465 and P.L. 104-7 and as indirectly affected in the provisions
12 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding
13 sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and 823 (c) (2) of P.L. 99-514
14 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L.
15 101-239, P.L. 101-508, 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, 13203 (d) and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337
18 and, P.L. 103-465 and P.L. 104-7 except that section 1366 (f) (relating to
19 pass-through of items to shareholders) is modified by substituting the tax under s.
20 71.35 for the taxes under sections 1374 and 1375. The internal revenue code applies
21 for Wisconsin purposes at the same time as for federal purposes. Amendments to the
22 federal internal revenue code enacted after December 31, 1993, do not apply to this
23 paragraph with respect to taxable years beginning after December 31, 1993, and
24 before January 1, 1995, except that changes to the internal revenue code made by
25 P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L. 104-7, excluding section 1 of

1 P.L. 104-7, and changes that indirectly affect the provisions applicable to this
2 subchapter made by P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L. 104-7,
3 excluding section 1 of P.L. 104-7, apply for Wisconsin purposes at the same time as
4 for federal purposes.

5 **SECTION 21.** 71.34 (1g) (j) of the statutes, as created by 1995 Wisconsin Act 27,
6 is amended to read:

7 71.34 (1g) (j) "Internal revenue code" for tax-option corporations, for taxable
8 years that begin after December 31, 1994, and before January 1, 1996, means the
9 federal internal revenue code as amended to December 31, 1994, excluding sections
10 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and
11 13203 (d) of P.L. 103-66, and as amended by P.L. 104-7 and as indirectly affected in
12 the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.
13 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2) and 823
14 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.
15 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
16 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
17 sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, P.L.
18 103-296, P.L. 103-337 and, P.L. 103-465, and P.L. 104-7 except that section 1366 (f)
19 (relating to pass-through of items to shareholders) is modified by substituting the
20 tax under s. 71.35 for the taxes under sections 1374 and 1375. The internal revenue
21 code applies for Wisconsin purposes at the same time as for federal purposes.
22 Amendments to the federal internal revenue code enacted after December 31, 1994,
23 do not apply to this paragraph with respect to taxable years beginning after
24 December 31, 1994, and before January 1, 1996, except changes to the internal
25 revenue code made by P.L. 104-7 and changes that indirectly affect the provisions

1 applicable to this subchapter made by P.L. 104-7 apply for Wisconsin purposes at the
2 same time as for federal purposes.

3 **SECTION 22.** 71.34 (1g) (k) of the statutes is created to read:

4 71.34 (1g) (k) "Internal revenue code" for tax-option corporations, for taxable
5 years that begin after December 31, 1995, means the federal internal revenue code
6 as amended to December 31, 1995, excluding sections 103, 104 and 110 of P.L.
7 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66,
8 and as indirectly affected in the provisions applicable to this subchapter by P.L.
9 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812
10 (c) (2), 821 (b) (2) and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647,
11 P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,
12 excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
13 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L.
14 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465 and P.L. 104-7, except that section
15 1366 (f) (relating to pass-through of items to shareholders) is modified by
16 substituting the tax under s. 71.35 for the taxes under sections 1374 and 1375. The
17 internal revenue code applies for Wisconsin purposes at the same time as for federal
18 purposes. Amendments to the federal internal revenue code enacted after December
19 31, 1995, do not apply to this paragraph with respect to taxable years beginning after
20 December 31, 1995.

21 **SECTION 23.** 71.365 (1m) of the statutes, as affected by 1995 Wisconsin Act 27,
22 is amended to read:

23 71.365 (1m) TAX-OPTION CORPORATIONS; DEPRECIATION. A tax-option corporation
24 may compute amortization and depreciation under either the federal internal
25 revenue code as amended to December 31, ~~1994~~ 1995, or the federal internal revenue

1 code in effect for the taxable year for which the return is filed, except that property
2 first placed in service by the taxpayer on or after January 1, 1983, but before January
3 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required to be depreciated
4 under the internal revenue code as amended to December 31, 1980, and property first
5 placed in service in taxable year 1981 or thereafter but before January 1, 1987, that,
6 under s. 71.04 (15) (bm), 1985 stats., is required to be depreciated under the internal
7 revenue code as amended to December 31, 1980, shall continue to be depreciated
8 under the internal revenue code as amended to December 31, 1980. Any difference
9 between the adjusted basis for federal income tax purposes and the adjusted basis
10 under this chapter shall be taken into account in determining net income or loss in
11 the year or years for which the gain or loss is reportable under this chapter. If that
12 property was placed in service by the taxpayer during taxable year 1986 and
13 thereafter but before the property is used in the production of income subject to
14 taxation under this chapter, the property's adjusted basis and the depreciation or
15 other deduction schedule are not required to be changed from the amount allowable
16 on the owner's federal income tax returns for any year because the property is used
17 in the production of income subject to taxation under this chapter. If that property
18 was acquired in a transaction in taxable year 1986 or thereafter in which the
19 adjusted basis of the property in the hands of the transferee is the same as the
20 adjusted basis of the property in the hands of the transferor, the Wisconsin adjusted
21 basis of that property on the date of transfer is the adjusted basis allowable under
22 the internal revenue code as defined for Wisconsin purposes for the property in the
23 hands of the transferor.

24 **SECTION 24.** 71.42 (2) (b) of the statutes is repealed.

1 **SECTION 25.** 71.42 (2) (h) of the statutes, as affected by 1995 Wisconsin Act 27,
2 is amended to read:

3 71.42 (2) (h) For taxable years that begin after December 31, 1993, and before
4 January 1, 1995, “internal revenue code” means the federal internal revenue code as
5 amended to December 31, 1993 excluding sections 103, 104 and 110 of P.L. 102-227
6 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66,
7 and as amended by P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L. 104-7,
8 excluding section 1 of P.L. 104-7, and as indirectly affected by P.L. 99-514, P.L.
9 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L.
10 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L.
11 102-318, P.L. 102-486 and P.L. 103-66, excluding sections 13113, 13150 (d), 13171
12 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337 and, P.L.
13 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, except that “internal
14 revenue code” does not include section 847 of the federal internal revenue code. The
15 internal revenue code applies for Wisconsin purposes at the same time as for federal
16 purposes. Amendments to the federal internal revenue code enacted after December
17 31, 1993, do not apply to this paragraph with respect to taxable years beginning after
18 December 31, 1993, and before January 1, 1995, except that changes to the internal
19 revenue code made by P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L. 104-7,
20 excluding section 1 of P.L. 104-7, and changes that indirectly affect the provisions
21 applicable to this subchapter made by P.L. 103-296, P.L. 103-337 and, P.L. 103-465
22 and P.L. 104-7, excluding section 1 of P.L. 104-7, apply for Wisconsin purposes at the
23 same time as for federal purposes.

24 **SECTION 26.** 71.42 (2) (i) of the statutes, as created by 1995 Wisconsin Act 27,
25 is amended to read:

1 71.42 (2) (i) For taxable years that begin after December 31, 1994, and before
2 January 1, 1996, “internal revenue code” means the federal internal revenue code as
3 amended to December 31, 1994, excluding sections 103, 104 and 110 of P.L. 102-227
4 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as
5 amended by P.L. 104-7 and as indirectly affected by P.L. 99-514, P.L. 100-203, P.L.
6 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L.
7 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L.
8 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174 and
9 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337 and, P.L. 103-465 and P.L.
10 104-7, except that “internal revenue code” does not include section 847 of the federal
11 internal revenue code. The internal revenue code applies for Wisconsin purposes at
12 the same time as for federal purposes. Amendments to the federal internal revenue
13 code enacted after December 31, 1994, do not apply to this paragraph with respect
14 to taxable years beginning after December 31, 1994, and before January 1, 1996,
15 except that changes to the internal revenue code made by P.L. 104-7 and changes
16 that indirectly affect the provisions applicable to this subchapter made by P.L. 104-7
17 apply for Wisconsin purposes at the same time as for federal purposes.

18 **SECTION 27.** 71.42 (2) (j) of the statutes is created to read:

19 71.42 (2) (j) For taxable years that begin after December 31, 1995, “internal
20 revenue code” means the federal internal revenue code as amended to December 31,
21 1995, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150
22 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as indirectly affected by P.L.
23 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L.
24 101-239, 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

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 and P.L. 104-7 except that "internal revenue code" does not include section
3 847 of the federal internal revenue code. The internal revenue code applies for
4 Wisconsin purposes at the same time as for federal purposes. Amendments to the
5 federal internal revenue code enacted after December 31, 1995, do not apply to this
6 paragraph with respect to taxable years beginning after December 31, 1995.

7 **SECTION 28.** 71.45 (2) (a) 13. of the statutes, as affected by 1995 Wisconsin Act
8 27, is amended to read:

9 71.45 (2) (a) 13. By adding or subtracting, as appropriate, the difference
10 between the depreciation deduction under the federal internal revenue code as
11 amended to December 31, 1994 1995, and the depreciation deduction under the
12 federal internal revenue code in effect for the taxable year for which the return is
13 filed, so as to reflect the fact that the insurer may choose between these 2 deductions,
14 except that property first placed in service by the taxpayer on or after January 1,
15 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats.,
16 is required to be depreciated under the internal revenue code as amended to
17 December 31, 1980, and property first placed in service in taxable year 1981 or
18 thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is
19 required to be depreciated under the internal revenue code as amended to December
20 31, 1980, shall continue to be depreciated under the internal revenue code as
21 amended to December 31, 1980.

22 **SECTION 29. Initial applicability.**

23 (1) The treatment of sections 71.01 (7r), 71.26 (3) (y), 71.365 (1m) and 71.45 (2)
24 (a) 13. of the statutes first applies to taxable years beginning on January 1, 1996.

25 (END)