



## 2007 SENATE BILL 527

February 25, 2008 - Introduced by Senators WIRCH, LASSA, RISSER, MILLER, KREITLOW and LEHMAN, cosponsored by Representatives BERCEAU, BOYLE, VAN AKKEREN, SOLETSKI, BLACK, POCAN, ALBERS, SEIDEL, SHERMAN and HILGENBERG. Referred to Committee on Tax Fairness and Family Prosperity.

1     **AN ACT** *to amend* 71.22 (4) (n), 71.22 (4) (o), 71.22 (4) (p), 71.22 (4) (q), 71.22 (4)  
2           (r), 71.22 (4) (s) and 71.22 (4) (t); *to repeal and recreate* 71.26 (2) (b); and *to*  
3           **create** 71.22 (9a), 71.22 (9c), 71.22 (9d) and 71.22 (9e) of the statutes; **relating**  
4           **to:** income and franchise taxes imposed on real estate investment trusts and  
5           regulated investment companies.

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### *Analysis by the Legislative Reference Bureau*

This bill disregards certain transactions, for income and franchise tax purposes, for amounts paid to a real estate investment trust if, generally, more than 50 percent of the voting power or value of the beneficial interests or shares of the trust are owned or controlled by a single entity that is not a real estate investment trust or otherwise exempt from state income and franchise taxes.

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

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

6           **SECTION 1.** 71.22 (4) (n) of the statutes, as affected by 2007 Wisconsin Act 20,  
7           is amended to read:

**SENATE BILL 527****SECTION 1**

1           71.22 (4) (n) Except as provided in sub. (4m) and ss. 71.26 ~~(2) (b)~~ and (3), 71.34  
2 (1g) and 71.42 (2), “Internal Revenue Code”, for taxable years that begin after  
3 December 31, 1998, and before January 1, 2000, means the federal Internal  
4 Revenue Code as amended to December 31, 1998, excluding sections 103, 104, and  
5 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.  
6 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188,  
7 and as amended by P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding  
8 sections 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431 of P.L.  
9 107-16, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a), and 406 of P.L.  
10 107-147, P.L. 107-181, P.L. 107-276, P.L. 108-121, excluding section 109 of P.L.  
11 108-121, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L.  
12 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847,  
13 909, and 910 of P.L. 108-357, P.L. 109-7, P.L. 109-135, excluding sections 101, 105,  
14 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.  
15 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, 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 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821  
18 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L.  
19 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,  
20 excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.  
21 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.  
22 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188,  
23 excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L.  
24 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L.  
25 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections

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1 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.  
2 107-134, P.L. 107-147, excluding sections 101, 301 (a), and 406 of P.L. 107-147, P.L.  
3 107-181, P.L. 107-276, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L.  
4 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L.  
5 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910  
6 of P.L. 108-357, P.L. 109-7, P.L. 109-135, excluding sections 101, 105, 201 (a) as it  
7 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and  
8 P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280. The Internal Revenue  
9 Code applies for Wisconsin purposes at the same time as for federal purposes.  
10 Amendments to the federal Internal Revenue Code enacted after December 31, 1998,  
11 do not apply to this paragraph with respect to taxable years beginning after  
12 December 31, 1998, and before January 1, 2000, except that changes to the Internal  
13 Revenue Code made by P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554,  
14 excluding sections 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431  
15 of P.L. 107-16, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a), and 406  
16 of P.L. 107-147, P.L. 107-181, P.L. 107-276, P.L. 108-121, excluding section 109 of  
17 P.L. 108-121, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a)  
18 of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337,  
19 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-7, P.L. 109-135, excluding sections  
20 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405  
21 of P.L. 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280,  
22 and changes that indirectly affect the provisions applicable to this subchapter made  
23 by P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and  
24 165 of P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-134,  
25 P.L. 107-147, excluding sections 101, 301 (a), and 406 of P.L. 107-147, P.L. 107-181,

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1 P.L. 107-276, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-311,  
2 excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,  
3 excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.  
4 108-357, P.L. 109-7, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates  
5 to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and P.L.  
6 109-280, excluding sections 811 and 844 of P.L. 109-280, apply for Wisconsin  
7 purposes at the same time as for federal purposes.

8 **SECTION 2.** 71.22 (4) (o) of the statutes, as affected by 2007 Wisconsin Act 20,  
9 is amended to read:

10 71.22 (4) (o) Except as provided in sub. (4m) and ss. 71.26 ~~(2)(b)~~ and (3), 71.34  
11 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after  
12 December 31, 1999, and before January 1, 2003, means the federal Internal Revenue  
13 Code as amended to December 31, 1999, excluding sections 103, 104, and 110 of P.L.  
14 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66  
15 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as  
16 amended by P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L.  
17 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22,  
18 P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a), and 406 of  
19 P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,  
20 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section  
21 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308,  
22 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211,  
23 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-7, P.L. 109-58,  
24 excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348,  
25 and 1351 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201 (a) as it

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1 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and  
2 P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, 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, P.L. 104-7, P.L. 104-188, excluding sections  
10 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.  
11 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.  
12 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of  
13 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.  
14 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a),  
15 and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L.  
16 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding  
17 section 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311, excluding sections 306, 307,  
18 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201,  
19 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-7, P.L.  
20 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,  
21 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201  
22 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.  
23 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280. The  
24 Internal Revenue Code applies for Wisconsin purposes at the same time as for federal  
25 purposes. Amendments to the federal Internal Revenue Code enacted after

**SENATE BILL 527****SECTION 2**

1 December 31, 1999, do not apply to this paragraph with respect to taxable years  
2 beginning after December 31, 1999, and before January 1, 2003, except that changes  
3 to the Internal Revenue Code made by P.L. 106-230, P.L. 106-554, excluding sections  
4 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L.  
5 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections  
6 101, 301 (a), and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L.  
7 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L.  
8 108-121, excluding section 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311,  
9 excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,  
10 excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.  
11 108-357, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323,  
12 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding  
13 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and  
14 (q), and 405 of P.L. 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L.  
15 109-280, and changes that indirectly affect the provisions applicable to this  
16 subchapter made by P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of  
17 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.  
18 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a),  
19 and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L.  
20 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding  
21 section 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311, excluding sections 306, 307,  
22 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201,  
23 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-7, P.L.  
24 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,  
25 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201

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1 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.  
2 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, apply for  
3 Wisconsin purposes at the same time as for federal purposes.

4 **SECTION 3.** 71.22 (4) (p) of the statutes, as affected by 2007 Wisconsin Act 20,  
5 is amended to read:

6 71.22 (4) (p) Except as provided in sub. (4m) and ss. 71.26 ~~(2) (b)~~ and (3), 71.34  
7 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after  
8 December 31, 2002, and before January 1, 2004, means the federal Internal Revenue  
9 Code as amended to December 31, 2002, excluding sections 103, 104, and 110 of P.L.  
10 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,  
11 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 106-519,  
12 sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, and  
13 sections 101 and 301 (a) of P.L. 107-147, and as amended by P.L. 108-27, excluding  
14 sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L.  
15 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L.  
16 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L.  
17 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847,  
18 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 109-7, P.L. 109-58, excluding  
19 sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351  
20 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to  
21 section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and P.L.  
22 109-280, excluding sections 811 and 844 of P.L. 109-280, 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 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823  
25 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.

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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, P.L. 105–277, P.L.  
7 106–36, P.L. 106–170, P.L. 106–230, P.L. 106–554, excluding sections 162 and 165 of  
8 P.L. 106–554, P.L. 107–15, P.L. 107–16, excluding section 431 of P.L. 107–16, P.L.  
9 107–22, P.L. 107–116, P.L. 107–134, P.L. 107–147, excluding sections 101 and 301 (a)  
10 of P.L. 107–147, P.L. 107–181, P.L. 107–210, P.L. 107–276, P.L. 107–358, P.L. 108–27,  
11 excluding sections 106, 201, and 202 of P.L. 108–27, P.L. 108–121, excluding section  
12 109 of P.L. 108–121, P.L. 108–173, excluding section 1201 of P.L. 108–173, P.L.  
13 108–203, P.L. 108–218, P.L. 108–311, excluding sections 306, 307, 308, 316, 401, and  
14 403 (a) of P.L. 108–311, P.L. 108–357, excluding sections 101, 201, 211, 242, 244, 336,  
15 337, 422, 847, 909, and 910 of P.L. 108–357, P.L. 108–375, P.L. 109–7, P.L. 109–58,  
16 excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348,  
17 and 1351 of P.L. 109–58, P.L. 109–135, excluding sections 101, 105, 201 (a) as it  
18 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109–135, and  
19 P.L. 109–280, excluding sections 811 and 844 of P.L. 109–280. The Internal Revenue  
20 Code applies for Wisconsin purposes at the same time as for federal purposes.  
21 Amendments to the federal Internal Revenue Code enacted after December 31, 2002,  
22 do not apply to this paragraph with respect to taxable years beginning after  
23 December 31, 2002, and before January 1, 2004, except that changes to the Internal  
24 Revenue Code made by P.L. 108–27, excluding sections 106, 201, and 202 of P.L.  
25 108–27, P.L. 108–121, excluding section 109 of P.L. 108–121, P.L. 108–173, excluding



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1 section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding  
2 sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding  
3 sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L.  
4 108-375, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323,  
5 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding  
6 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and  
7 (q), and 405 of P.L. 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L.  
8 109-280, and changes that indirectly affect the provisions applicable to this  
9 subchapter made by P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27,  
10 P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-173, excluding section  
11 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections  
12 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections  
13 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L.  
14 108-375, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323,  
15 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding  
16 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and  
17 (q), and 405 of P.L. 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L.  
18 109-280, apply for Wisconsin purposes at the same time as for federal purposes.

19 **SECTION 4.** 71.22 (4) (q) of the statutes, as affected by 2007 Wisconsin Act 20,  
20 is amended to read:

21 71.22 (4) (q) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34  
22 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after  
23 December 31, 2003, and before January 1, 2005, means the federal Internal Revenue  
24 Code as amended to December 31, 2003, excluding sections 103, 104, and 110 of P.L.  
25 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,

**SENATE BILL 527**

1 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 106-519,  
2 sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16,  
3 sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27,  
4 section 109 of P.L. 108-121, and section 1201 of P.L. 108-173, and as amendeded by P.L.  
5 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and  
6 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336,  
7 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7,  
8 P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,  
9 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73, excluding section 301 of P.L.  
10 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section  
11 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-227, and P.L.  
12 109-280, excluding sections 811 and 844 of P.L. 109-280, and as indirectly affected  
13 in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.  
14 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823  
15 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.  
16 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections  
17 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding  
18 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.  
19 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections  
20 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.  
21 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.  
22 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of  
23 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.  
24 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a)  
25 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,

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1 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section  
2 109 of P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L.  
3 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and  
4 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336,  
5 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7,  
6 P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,  
7 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73, excluding section 301 of P.L.  
8 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section  
9 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-227, and P.L.  
10 109-280, excluding sections 811 and 844 of P.L. 109-280. The Internal Revenue Code  
11 applies for Wisconsin purposes at the same time as for federal purposes.  
12 Amendments to the federal Internal Revenue Code enacted after December 31, 2003,  
13 do not apply to this paragraph with respect to taxable years beginning after  
14 December 31, 2003, and before January 1, 2005, except that changes to the Internal  
15 Revenue Code made by P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections  
16 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections  
17 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L.  
18 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309,  
19 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73,  
20 excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201  
21 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.  
22 109-135, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.  
23 109-280, and changes that indirectly affect the provisions applicable to this  
24 subchapter made by P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections  
25 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections

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1 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L.  
2 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309,  
3 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73,  
4 excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201  
5 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.  
6 109-135, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.  
7 109-280, apply for Wisconsin purposes at the same time as for federal purposes.

8 **SECTION 5.** 71.22 (4) (r) of the statutes, as affected by 2007 Wisconsin Act 20,  
9 is amended to read:

10 71.22 (4) (r) Except as provided in sub. (4m) and ss. 71.26 ~~(2)(b)~~ and (3), 71.34  
11 (1g), and 71.42 (2), “Internal Revenue Code,” for taxable years that begin after  
12 December 31, 2004, and before January 1, 2006, means the federal Internal Revenue  
13 Code as amended to December 31, 2004, excluding sections 103, 104, and 110 of P.L.  
14 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,  
15 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3,  
16 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section  
17 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and  
18 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403  
19 (a) of P.L. 108-311, and sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and  
20 910 of P.L. 108-357, and as amended by P.L. 109-7, P.L. 109-58, excluding sections  
21 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.  
22 109-58, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding  
23 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and  
24 (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207,  
25 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280, excluding

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1 sections 811 and 844 of P.L. 109-280, and as indirectly affected in the provisions  
2 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, excluding  
3 sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514  
4 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L.  
5 101-239, P.L. 101-508, 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, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f),  
9 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L.  
10 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L.  
11 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15,  
12 P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L.  
13 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L.  
14 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections  
15 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201  
16 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306,  
17 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201,  
18 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L.  
19 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323,  
20 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73, excluding  
21 section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it  
22 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L.  
23 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L.  
24 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.  
25 109-280. The Internal Revenue Code applies for Wisconsin purposes at the same

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1 time as for federal purposes. Amendments to the federal Internal Revenue Code  
2 enacted after December 31, 2004, do not apply to this paragraph with respect to  
3 taxable years beginning after December 31, 2004, and before January 1, 2006,  
4 except that changes to the Internal Revenue Code made by P.L. 109-7, P.L. 109-58,  
5 excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348,  
6 and 1351 of P.L. 109-58, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L.  
7 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402  
8 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding  
9 sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L.  
10 109-280, excluding sections 811 and 844 of P.L. 109-280, and changes that indirectly  
11 affect the provisions applicable to this subchapter made by P.L. 109-7, P.L. 109-58,  
12 excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348,  
13 and 1351 of P.L. 109-58, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L.  
14 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402  
15 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding  
16 sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L.  
17 109-280, excluding sections 811 and 844 of P.L. 109-280, apply for Wisconsin  
18 purposes at the same time as for federal purposes.

19 **SECTION 6.** 71.22 (4) (s) of the statutes, as created by 2007 Wisconsin Act 20,  
20 is amended to read:

21 71.22 (4) (s) Except as provided in sub. (4m) and ss. 71.26 (2) ~~(b)~~ and (3), 71.34  
22 (1g), and 71.42 (2), “Internal Revenue Code,” for taxable years that begin after  
23 December 31, 2005, and before January 1, 2007, means the federal Internal Revenue  
24 Code as amended to December 31, 2005, excluding sections 103, 104, and 110 of P.L.  
25 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,

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1 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3,  
2 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section  
3 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and  
4 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403  
5 (a) of P.L. 108-311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910  
6 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326,  
7 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301  
8 of P.L. 109-73, and sections 101, 105, 201 (a) as it relates to section 1400S (a), 402  
9 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and as amendeded by P.L. 109-222,  
10 excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and  
11 P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, and as indirectly  
12 affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,  
13 P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and  
14 823 (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, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections  
19 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.  
20 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.  
21 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of  
22 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.  
23 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a)  
24 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,  
25 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173,

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1 excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311,  
2 excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,  
3 excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.  
4 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections  
5 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.  
6 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding  
7 section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it  
8 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L.  
9 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L.  
10 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.  
11 109-280. The Internal Revenue Code applies for Wisconsin purposes at the same  
12 time as for federal purposes. Amendments to the federal Internal Revenue Code  
13 enacted after December 31, 2005, do not apply to this paragraph with respect to  
14 taxable years beginning after December 31, 2005, and before January 1, 2007,  
15 except that changes to the Internal Revenue Code made by P.L. 109-222, excluding  
16 sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L.  
17 109-280, excluding sections 811 and 844 of P.L. 109-280, and changes that indirectly  
18 affect the provisions applicable to this subchapter made by P.L. 109-222, excluding  
19 sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L.  
20 109-280, excluding sections 811 and 844 of P.L. 109-280, apply for Wisconsin  
21 purposes at the same time as for federal purposes.

22 **SECTION 7.** 71.22 (4) (t) of the statutes, as created by 2007 Wisconsin Act 20,  
23 is amended to read:

24 71.22 (4) (t) 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



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1 December 31, 2006, means the federal Internal Revenue Code as amended to  
2 December 31, 2006, 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, sections 1123 (b),  
4 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L.  
5 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L.  
6 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L.  
7 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L.  
8 108-311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.  
9 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,  
10 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L.  
11 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e),  
12 (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, 512, and 513 of P.L.  
13 109-222, sections 811 and 844 of P.L. 109-280, and P.L. 109-432, 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, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and  
16 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.  
17 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections  
18 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding  
19 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.  
20 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections  
21 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.  
22 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.  
23 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of  
24 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.  
25 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a)

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1 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,  
2 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173,  
3 excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311,  
4 excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,  
5 excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.  
6 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections  
7 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.  
8 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding  
9 section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it  
10 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L.  
11 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L.  
12 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.  
13 109-280. The Internal Revenue Code applies for Wisconsin purposes at the same  
14 time as for federal purposes. Amendments to the federal Internal Revenue Code  
15 enacted after December 31, 2006, do not apply to this paragraph with respect to  
16 taxable years beginning after December 31, 2006.

17 **SECTION 8.** 71.22 (9a) of the statutes is created to read:

18 71.22 (9a) “Qualified real estate investment trust” means a real estate  
19 investment trust, except a real estate investment trust of which more than 50  
20 percent of the voting power or value of the beneficial interests or shares are owned  
21 or controlled, directly or indirectly, by a single entity that is subject to sections 301  
22 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26 (1), and that  
23 is not a real estate investment trust or a qualified real estate trust subsidiary under  
24 section 856 (i) of the Internal Revenue Code.

25 **SECTION 9.** 71.22 (9c) of the statutes is created to read:

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1           71.22 (9c) “Real estate investment trust” means a real estate investment trust  
2 under section 856 of the Internal Revenue Code.

3           **SECTION 10.** 71.22 (9d) of the statutes is created to read:

4           71.22 (9d) “Real estate mortgage investment conduit” means a real estate  
5 mortgage investment conduit under section 860D of the Internal Revenue Code.

6           **SECTION 11.** 71.22 (9e) of the statutes is created to read:

7           71.22 (9e) “Regulated investment company” means a regulated investment  
8 company under section 851 of the Internal Revenue Code.

9           **SECTION 12.** 71.26 (2) (b) of the statutes is repealed and recreated to read:

10           71.26 (2) (b) *Regulated investment companies, real estate investment trusts,*  
11 *and real estate mortgage investment conduits.* 1. In this paragraph, except as  
12 provided in subds. 2. to 5., “net income” means one of the following:

13           a. That part of the federal regulated investment company income that is subject  
14 to federal tax as provided in sections 851 and 852 of the Internal Revenue Code,  
15 including federal undistributed net capital gain.

16           b. That part of the federal real estate investment trust income that is subject  
17 to federal tax as provided in sections 856 and 857 of the Internal Revenue Code,  
18 including federal undistributed net capital gain, federal net income from foreclosure  
19 property, and federal net income derived from prohibited transactions. The  
20 treatment of certain wholly owned subsidiaries under section 856 (i) of the Internal  
21 Revenue Code shall apply in computing the net income of a real estate investment  
22 trust.

23           c. That part of the federal real estate mortgage investment conduit income that  
24 is subject to federal tax, including federal net income derived from prohibited

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1 transactions under section 860F of the Internal Revenue Code and federal net  
2 income from foreclosure property under section 860G of the Internal Revenue Code.

3 2. Property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be  
4 depreciated for taxable years 1983 to 1986 under the Internal Revenue Code as  
5 amended to December 31, 1980, shall continue to be depreciated under the Internal  
6 Revenue Code as amended to December 31, 1980.

7 3. With regard to federal regulated investment company income, federal real  
8 estate investment trust income, and federal real estate mortgage investment conduit  
9 income, the appropriate amount shall be added or subtracted to reflect differences  
10 between the depreciation or adjusted basis for federal income tax purposes and the  
11 depreciation or adjusted basis under this chapter of any property disposed of during  
12 the taxable year.

13 4. If the real estate investment trust is not a qualified real estate investment  
14 trust, all transactions between the real estate investment trust and an entity that  
15 owns or controls, directly or indirectly, more than 50 percent of the voting power or  
16 value of the beneficial interests or shares of the real estate investment trust, shall  
17 be disregarded.

18 5. For purposes of subd. 4., any transaction between a real estate investment  
19 trust and an entity that does not own or control more than 50 percent of the voting  
20 power or value of the beneficial interests or shares of the real estate investment trust,  
21 but that is owned or controlled, directly or indirectly, by a related person under  
22 section 267 (b) of the Internal Revenue Code that does own or control, directly or  
23 indirectly, more than 50 percent of the voting power or value of the beneficial  
24 interests or shares of the real estate investment trust, shall be disregarded.

25 **SECTION 13. Initial applicability.**

