

1999 DRAFTING REQUEST

Bill

Received: 10/13/98

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: Robert Ziegelbauer (608) 266-0315

By/Representing: Luanne

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Alt. Drafters:

Subject: Tax - corp. inc. and fran.

Extra Copies:

Topic:

Single sales factor formula option for taxation of multistate corporations

Instructions:

See Attached. Similar to April 1998 Special Session AA 2 (97a2755/1) to AB 5 (now Act 299). Allow single sales factor formula option for multi-state companies that pay the franchise tax.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	shoveme 12/9/98 jkreye 12/22/98	gilfokm 12/22/98		_____			State Tax
/1			ismith 12/23/98	_____	lrb_docadmin 12/23/98	lrb_docadmin 12/29/98	

FE Sent For: 12/29/98.

(/1)

<END>

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Drafter: ~~shoveme~~ *jkreee*

May Contact:

Alt. Drafters:

Subject: **Tax - corp. inc. and fran.**

Extra Copies:

Topic:

Single sales factor formula option for taxation of multi[?]state corporations

Instructions:

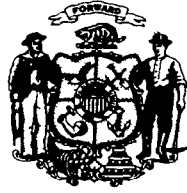
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/?	shoveme	11-12-22 <i>kmg</i>	<i>IS</i> 12/23	<i>ES/KM</i> 12/23			

FE Sent For:

<END>



BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

DATE: October 2, 1998

TO: Marc Shovers, Attorney
Legislative Reference Bureau

FROM: Rep. Bob Ziegelbauer
Manitowoc: (920) 684-6783

RE: 1999-2000 Bill Requests

**** PLEASE DISREGARD THE 10/1/98 MEMO TO YOU ON
MULTI-STATE COMPANIES AND INSTEAD,
REFER TO THIS MEMO. THANK YOU. ****

Could you please draft another bill for the 1999-2000 Session regarding a single sales factor formula option for multi-state companies in paying corporate income tax?

The bill draft should be similar to Assembly Amendment 2 to AB 5, April 1998 Special Session. (As you may know, AB 5 is now 1997 Wisconsin Act 299.)

If you have any questions, please do not hesitate to call Luanne Kostelic in my office (6-0315). Thank you in advance for your assistance.

BZ/lwk

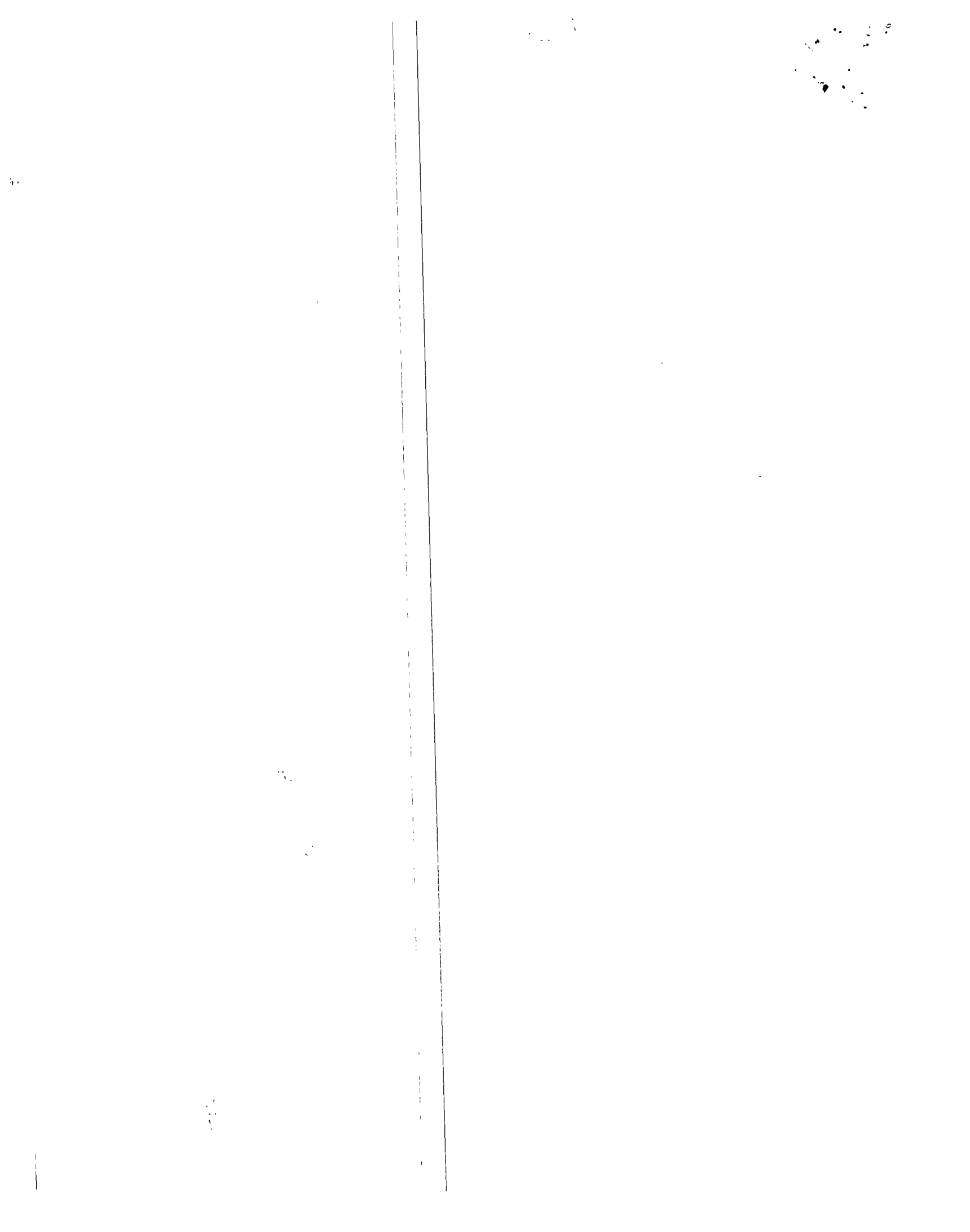
Enclosure

*Now, to serve you better, call my office direct toll free at 1-888-529-0025
Please note my new E-mail address: Bob.Ziegelbauer@legis.state.wi.us
On July 26, 1997, the area code for northeastern Wisconsin changed from (414) to (920)
DISTRICT PHONE NUMBERS: (920) 684-6783 OR (920) 684-4362*

STATE CAPITOL: P.O. BOX 8953, MADISON, WI 53708 • (608) 266-0315 • FAX: (608) 266-0316
TOLL-FREE LEGISLATIVE HOTLINE: 1-800-362-9472 • E-mail: USWLSA25@IBMMAIL.COM
DISTRICT: P.O. BOX 325, 1213 S. 8TH STREET, MANITOWOC, WI 54221-0325 (414) 684-6783 OR (414) 684-4362

PRINTED ON RECYCLED PAPER

Printed in
Manitowoc Co



1999

Date (time) needed

Sum

LRB - 0569 1 1

BILL

By Noon - Dec. 28 ~~Due Monday~~ JK: King:

Use the appropriate components and routines developed for bills.

AN ACT . . . [generate catalog] to repeal . . . ; to renumber . . . ; to consolidate and renumber . . . ; to renumber and amend . . . ; to consolidate, renumber and amend . . . ; to amend . . . ; to repeal and recreate . . . ; and to create . . . of the

statutes; relating to: changing the formula for apportioning income to this state in computing corporate income taxes and franchise taxes.

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

Analysis by the Legislative Reference Bureau

For the 3 titles used in an analysis, in the component bar:

For the main heading [old =M], execute: create → anal: → title: → head

For the subheading [old =S], execute: create → anal: → title: → sub

For the sub-subheading [old =P], execute: create → anal: → title: → sub-sub

attached

WPO: fix request sheet

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

SECTION #.

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ANALYSTS

In computing corporate income taxes and franchise taxes, a formula is used to attribute a portion of ~~the~~ the corporation's ^{net} income to this state. The formula has three factors: $\frac{2}{3}$ a sales factor, a payroll factor and a property factor. The sales factor is weighted double. Under this bill, the sales factor will be ~~weighted~~ given the same weight as the other 2 factors, the only factor used.

9 TAXEXAM

9 FE 55 .

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State of Wisconsin
1997 - 1998 LEGISLATURE
April 1998 Special Session

LRBa2755/1
JS:kmg:lp

**ASSEMBLY AMENDMENT 2,
TO ASSEMBLY BILL 5**

May 14, 1998 - Offered by Representatives ZIEGELBAUER and PLALE.

1 At the locations indicated, amend the bill as follows:

2 1. Page 2, line 7: delete the material beginning with that line and ending with
3 page 3, line 3, and substitute:

4 ~~SECTION 71.25~~ SECTION 71.25 (6) of the statutes is amended to read:

5 71.25 (6) ALLOCATION AND SEPARATE ACCOUNTING AND APPORTIONMENT FORMULA.

6 Corporations engaged in business within and without the state shall be taxed only

7 on such income as is derived from business transacted and property located within

8 the state. The amount of such income attributable to Wisconsin may be determined

9 by an allocation and separate accounting thereof, when the business of such

10 corporation within the state is not an integral part of a unitary business, but the

11 department of revenue may permit an allocation and separate accounting in any case

12 in which it is satisfied that the use of such method will properly reflect the income

13 taxable by this state. In all cases in which allocation and separate accounting is not

Prop 4/1/98

1 permissible, the determination shall be made in the following manner: for all
2 businesses except financial organizations, public utilities, railroads, sleeping car
3 companies, car line companies and corporations or associations that are subject to
4 a tax on unrelated business income under s. 71.26 (1) (a) there shall first be deducted
5 from the total net income of the taxpayer the part thereof (less related expenses, if
6 any) that follows the situs of the property or the residence of the recipient. The
7 remaining net income shall be apportioned to Wisconsin by use of an apportionment
8 fraction composed of a the sales factor under sub. (9) ~~representing 50% of the fraction,~~
9 ~~a property factor under sub. (7) representing 25% of the fraction and a payroll factor~~
10 ~~under sub. (8) representing 25% of the fraction.~~

11 SECTION ~~71.25~~ 71.25 (7) and (8) of the statutes are repealed.

12 SECTION ~~71.25~~ 71.25 (9) (d) of the statutes is amended to read:

13 71.25 (9) (d) Sales, other than sales of tangible personal property, are in this
14 state if the income-producing activity is performed in this state. If the
15 income-producing activity is performed both in and outside this state the sales shall
16 be divided between those states having jurisdiction to tax such business in
17 proportion to the direct costs of performance incurred in each such state in rendering
18 this service. Services performed in states which do not have jurisdiction to tax the
19 business shall be deemed to have been performed in the state to which compensation
20 is would be allocated by sub. (8), ~~1997 stats.~~

21 2. Page 4, line 1: delete "(12)" and substitute "(6), (7), (8) and (9) (d)".

22 (END)

1997

INITIAL APPLICABILITY

1. In the component bar:

For the action phrase, execute: create → action: → *NS: → inappl

For the budget action phrase, execute: create → action: → *NS: → 93XX

For the text, execute: create → text: → *NS: → inappl

2. Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, for the budget, fill in the 9300 department code; and fill in "____" or "()" only if a "frozen" number is needed.

SECTION # ____ **[93** ____ **]**. Initial applicability;

.....
(#1) ()

The treatment of sections ..

..... of the statutes

first applies to

1. In the component bar:

For the action phrase, execute: create → action: → *NS: → inappl

For the text, execute: create → text: → *NS: → inapplA

2. Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, fill in "____" or "()" only if a "frozen" number is needed.

SECTION # ____ . Initial applicability (c).....

(#1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31 this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect. (END)

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BOB ZIEGELBAUER

WISCONSIN
LEGISLATURE

LI

STATE REPRESENTATIVE • 25TH ASSEMBLY DISTRICT

To: LRB - 5th floor

From: Wanne Kastelic

Date: JAN 13 1999

L

In response to your recent request.

I thought you might be interested in the enclosed material. *Prior to Introduction,*

Other *Could we please have a Fiscal Note for LRB-0569?*

STATE CAPITOL: P.O. BOX 8953, MADISON, WI 53708 • 608/266-0315
FAX: 608/266-0316 • TOLL-FREE LEGISLATIVE HOTLINE 1-800-362-9472

DISTRICT: P.O. BOX 325, 1213 S. 8TH ST., MANITOWOC, WI 54220
(414) 684-6783 OR (414) 684-4362

- 1 **AN ACT to repeal 71.25 (7) and (8); and to amend 71.25 (6) and 71.**
- 2 **the statutes; relating to: changing the formula for apportioning income**
- 3 **state in computing corporate income taxes and franchise taxes.**

Analysis by the Legislative Reference Bureau

In computing corporate income taxes and franchise taxes, a formula attribute a portion of the corporation's income to this state. The formula factors: a sales factor, a payroll factor and a property factor. The sales factor is weighted double. Under this bill, the sales factor will be the only factor

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

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

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

- 4 **SECTION 1. 71.25 (6) of the statutes is amended to read:**

**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

Date: 12/23/98

To: Representative Ziegelbauer

Relating to LRB drafting number: LRB-0569

Topic

Single sales factor formula option for taxation of multistate corporations

Subject(s)

Tax - corp. inc. and fran.

1. **JACKET** the draft for introduction _____
in the **Senate** ____ or the **Assembly** (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____
A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction yes _____
If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney
Telephone: (608) 266-0129



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