

**BILL****SECTION 1677**

1           \***-1837/5.3\*** **SECTION 1677.** 71.04 (6) (intro.) of the statutes is amended to read:

2           71.04 (6) **PAYROLL FACTOR.** (intro.) For purposes of sub. (4) and for taxable years  
3 beginning before January 1, 2000:

4           \***-1837/5.4\*** **SECTION 1678.** 71.04 (7) (d) of the statutes is amended to read:

5           71.04 (7) (d) Sales, other than sales of tangible personal property, are in this  
6 state if the income-producing activity is performed in this state. If the  
7 income-producing activity is performed both in and outside this state the sales shall  
8 be divided between those states having jurisdiction to tax such business in  
9 proportion to the direct costs of performance incurred in each such state in rendering  
10 this service. Services performed in states which do not have jurisdiction to tax the  
11 business shall be deemed to have been performed in the state to which compensation  
12 is allocated by sub. (6). This paragraph does not apply to taxable years beginning  
13 after December 31, 1999.

14           \***-1837/5.5\*** **SECTION 1679.** 71.04 (7) (dc) of the statutes is created to read:

15           71.04 (7) (dc) For taxable years beginning after December 31, 1999, sales,  
16 rents, royalties, and other income from real property, and the receipts from the lease  
17 or rental of tangible personal property, are attributed to the state in which the  
18 property is located.

19           \***-1837/5.6\*** **SECTION 1680.** 71.04 (7) (dg) of the statutes is created to read:

20           71.04 (7) (dg) For taxable years beginning after December 31, 1999, receipts  
21 from the lease or rental of moving property including but not limited to motor  
22 vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the  
23 numerator of the sales factor under par. (a) to the extent that the property is used  
24 in this state. The use of moving property in this state is determined as follows:

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1           1. A motor vehicle is used in this state if it is registered in this state and used  
2 wholly in this state.

3           2. The use of rolling stock in this state is determined by multiplying the receipts  
4 from the lease or rental of the rolling stock by a fraction having as a numerator the  
5 miles traveled within this state by the leased or rented rolling stock and having as  
6 a denominator the total miles traveled by the leased or rented rolling stock.

7           3. The use of an aircraft in this state is determined by multiplying the receipts  
8 from the lease or rental of the aircraft by a fraction having as a numerator the  
9 number of landings of the aircraft in this state and having as a denominator the total  
10 number of landings anywhere of the aircraft.

11           4. The use of a vessel, mobile equipment or other mobile property in this state  
12 is determined by multiplying the receipts from the lease or rental of the property by  
13 a fraction having as a numerator the number of days in the taxable year that the  
14 vessel, mobile equipment or other mobile property was in this state and having as  
15 a denominator the number of days in the taxable year that the vessel, mobile  
16 equipment or other mobile property was rented or leased.

17           \*~~1837/5.7~~\* **SECTION 1681.** 71.04 (7) (dn) of the statutes is created to read:

18           71.04 (7) (dn) 1. For taxable years beginning after December 31, 1999, royalties  
19 and other income received for the use of intangible property are attributed to the  
20 state where the purchaser uses the intangible property. If intangible property is used  
21 in more than one state, the royalties and other income received for the use of the  
22 intangible property shall be apportioned to this state according to the portion of the  
23 intangible property's use in this state. If the portion of intangible property's use in  
24 this state cannot be determined, the royalties and other income received for the use  
25 of the intangible property shall be excluded from the numerator and the denominator

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1 of the sales factor under par. (a). Intangible property is used in this state if a  
2 purchaser uses the intangible property or uses the rights to intangible property in  
3 the regular course of the purchaser's business in this state, regardless of where the  
4 purchaser's customers are located.

5 2. For taxable years beginning after December 31, 1999, sales of intangible  
6 property are attributed to the state where a purchaser uses the intangible property.  
7 If intangible property is used in more than one state, the sales of the intangible  
8 property shall be apportioned to this state according to the portion of the intangible  
9 property's use in this state. If the portion of intangible property's use in this state  
10 cannot be determined, the sales of the intangible property shall be excluded from the  
11 numerator and the denominator of the sales factor under par. (a). Intangible  
12 property is used in this state if a purchaser uses the intangible property in the  
13 regular course of the purchaser's business in this state, regardless of where the  
14 purchaser's customers are located.

15 **\*-1837/5.8\* SECTION 1682.** 71.04 (7) (dr) of the statutes is created to read:

16 71.04 (7) (dr) For taxable years beginning after December 31, 1999, receipts  
17 from the performance of services are attributed to the state where the purchaser  
18 received the benefit of the services. If a purchaser receives the benefit of a service  
19 in more than one state, the receipts from the performance of the service are included  
20 in the numerator of the sales factor under par. (a) according to the portion of the  
21 benefit of the service received in this state. If the state where a purchaser received  
22 the benefit of a service cannot be determined, the benefit of a service is received in  
23 the state where the purchaser, in the regular course of the purchaser's business,  
24 ordered the service. If the state where a purchaser ordered a service cannot be

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1 determined, the benefit of the service is received in the state where the purchaser,  
2 in the regular course of the purchaser's business, receives a bill for the service.

3 **\*-1220/2.2\* SECTION 1683.** 71.05 (1) (c) 2. of the statutes is amended to read:  
4 71.05 (1) (c) 2. The Wisconsin housing and economic development authority, if  
5 the bonds are to fund a loan under s. 234.935, 1997 stats.

6 **\*-0575/1.1\* SECTION 1684.** 71.05 (6) (a) 12. of the statutes is amended to read:  
7 71.05 (6) (a) 12. ~~All alimony deducted for federal income tax purposes and paid~~  
8 ~~while the individual paying the alimony was a nonresident of this state; all~~ All  
9 penalties for early withdrawals from time savings accounts and deposits deducted  
10 for federal income tax purposes and paid while the individual charged with the  
11 penalty was a nonresident of this state; ~~all repayments of supplemental~~  
12 ~~unemployment benefit plan payments deducted for federal income tax purposes and~~  
13 ~~made while the individual making the repayment was a nonresident of this state; all~~  
14 reforestation expenses related to property not in this state, deducted for federal  
15 income tax purposes and paid while the individual paying the expense was not a  
16 resident of this state; all contributions to individual retirement accounts, simplified  
17 employe pension plans and self-employment retirement plans and all deductible  
18 employe contributions, deducted for federal income tax purposes and in excess of that  
19 amount multiplied by a fraction the numerator of which is the individual's wages and  
20 net earnings from a trade or business taxable by this state and the denominator of  
21 which is the individual's total wages and net earnings from a trade or business; the  
22 contributions to a Keogh plan deducted for federal income tax purposes and in excess  
23 of that amount multiplied by a fraction the numerator of which is the individual's net  
24 earnings from a trade or business, taxable by this state, and the denominator of  
25 which is the individual's total net earnings from a trade or business; the amount of

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1 health insurance costs of self-employed individuals deducted under section 162 (L)  
2 of the internal revenue code for federal income tax purposes and in excess of that  
3 amount multiplied by a fraction the numerator of which is the individual's net  
4 earnings from a trade or business, taxable by this state, and the denominator of  
5 which is the individual's total net earnings from a trade or business; and the amount  
6 of self-employment taxes deducted under section 164 (f) of the internal revenue code  
7 for federal income tax purposes and in excess of that amount multiplied by a fraction  
8 the numerator of which is the individual's net earnings from a trade or business,  
9 taxable by this state, and the denominator of which is the individual's total net  
10 earnings from a trade or a business.

11 **\*-1917/1.2\* SECTION 1685.** 71.05 (6) (b) 21. of the statutes is repealed.

12 **\*-1806/3.14\* SECTION 1686.** 71.05 (6) (b) 23. of the statutes is amended to read:

13 71.05 (6) (b) 23. Any increase in value of a tuition unit that is purchased under  
14 a tuition contract under s. ~~16.24~~ 14.63.

15 **\*-0573/1.1\* SECTION 1687.** 71.05 (6) (b) 28. e. of the statutes is amended to  
16 read:

17 71.05 (6) (b) 28. e. For an individual who is a nonresident or part-year resident  
18 of this state, multiply the amount calculated under subd. 28. a. b., c. or d. by a  
19 fraction the numerator of which is the individual's wages, salary, tips, unearned  
20 income and net earnings from a trade or business that are taxable by this state and  
21 the denominator of which is the individual's total wages, salary, tips, unearned  
22 income and net earnings from a trade or business. In this subd. 28. e., for married  
23 persons filing separately "wages, salary, tips, unearned income and net earnings  
24 from a trade or business" means the separate wages, salary, tips, unearned income  
25 and net earnings from a trade or business of each spouse, and for married persons

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1 filing jointly “wages, salary, tips, unearned income and net earnings from a trade or  
2 business” means the total wages, salary, tips, unearned income and net earnings  
3 from a trade or business of both spouses.

4 **\*-0573/1.2\* SECTION 1688.** 71.05 (6) (b) 28. f. of the statutes is amended to read:

5 71.05 (6) (b) 28. f. Reduce the amount calculated under subd. 28. a., b., c., d. or  
6 e. to the individual’s aggregate wages, salary, tips, unearned income and net  
7 earnings from a trade or business that are taxable by this state.

8 **\*-1917/1.3\* SECTION 1689.** 71.05 (22) (dm) of the statutes is amended to read:

9 71.05 (22) (dm) *Deduction limits; 1994 and thereafter to 1999.* Except as  
10 provided in par. (f), for taxable years beginning ~~on or after January 1, 1994 after~~  
11 December 31, 1993, and before January 1, 2000, the Wisconsin standard deduction  
12 is whichever of the following amounts is appropriate. For a single individual who has  
13 a Wisconsin adjusted gross income of less than \$7,500, the standard deduction is  
14 \$5,200. For a single individual who has a Wisconsin adjusted gross income of at least  
15 \$7,500 but not more than \$50,830, the standard deduction is the amount obtained  
16 by subtracting from \$5,200 12% of Wisconsin adjusted gross income in excess of  
17 \$7,500 but not less than \$0. For a single individual who has a Wisconsin adjusted  
18 gross income of more than \$50,830, the standard deduction is \$0. For a head of  
19 household who has a Wisconsin adjusted gross income of less than \$7,500, the  
20 standard deduction is \$7,040. For a head of household who has a Wisconsin adjusted  
21 gross income of at least \$7,500 but not more than \$25,000, the standard deduction  
22 is the amount obtained by subtracting from \$7,040 22.515% of Wisconsin adjusted  
23 gross income in excess of \$7,500 but not less than \$0. For a head of household who  
24 has a Wisconsin adjusted gross income of more than \$25,000, the standard deduction  
25 shall be calculated as if the head of household were a single individual. For a married

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1 couple filing jointly that has an aggregate Wisconsin adjusted gross income of less  
2 than \$10,000, the standard deduction is \$8,900. For a married couple filing jointly  
3 that has an aggregate Wisconsin adjusted gross income of at least \$10,000 but not  
4 more than \$55,000, the standard deduction is the amount obtained by subtracting  
5 from \$8,900 19.778% of aggregate Wisconsin adjusted gross income in excess of  
6 \$10,000 but not less than \$0. For a married couple filing jointly that has an aggregate  
7 Wisconsin adjusted gross income of more than \$55,000, the standard deduction is \$0.  
8 For a married individual filing separately who has a Wisconsin adjusted gross  
9 income of less than \$4,750, the standard deduction is \$4,230. For a married  
10 individual filing separately who has a Wisconsin adjusted gross income of at least  
11 \$4,750 but not more than \$26,140, the standard deduction is the amount obtained  
12 by subtracting from \$4,230 19.778% of Wisconsin adjusted gross income in excess of  
13 \$4,750 but not less than \$0. For a married individual filing separately who has a  
14 Wisconsin adjusted gross income of more than \$26,140, the standard deduction is \$0.  
15 The secretary of revenue shall prepare a table under which deductions under this  
16 paragraph shall be determined. That table shall be published in the department's  
17 instructional booklets.

18 **\*-1917/1.4\* SECTION 1690.** 71.05 (22) (dp) of the statutes is created to read:  
19 71.05 (22) (dp) *Deduction limits, 2000 and thereafter.* Except as provided in  
20 par. (f), for taxable years beginning after December 31, 1999, the Wisconsin standard  
21 deduction is whichever of the following amounts is appropriate. For a single  
22 individual who has a Wisconsin adjusted gross income of less than \$10,380, the  
23 standard deduction is \$7,200. For a single individual who has a Wisconsin adjusted  
24 gross income of at least \$10,380 but not more than \$70,380, the standard deduction  
25 is the amount obtained by subtracting from \$7,200 12% of Wisconsin adjusted gross

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1 income in excess of \$10,380 but not less than \$0. For a single individual who has a  
2 Wisconsin adjusted gross income of more than \$70,380, the standard deduction is \$0.  
3 For a head of household who has a Wisconsin adjusted gross income of less than  
4 \$10,380, the standard deduction is \$9,300. For a head of household who has a  
5 Wisconsin adjusted gross income of at least \$10,380 but not more than \$30,350, the  
6 standard deduction is the amount obtained by subtracting from \$9,300 22.515% of  
7 Wisconsin adjusted gross income in excess of \$10,380 but not less than \$0. For a head  
8 of household who has a Wisconsin adjusted gross income of more than \$30,350, the  
9 standard deduction shall be calculated as if the head of household were a single  
10 individual. For a married couple filing jointly that has an aggregate Wisconsin  
11 adjusted gross income of less than \$14,570, the standard deduction is \$12,970. For  
12 a married couple filing jointly that has an aggregate Wisconsin adjusted gross  
13 income of at least \$14,570 but not more than \$80,150, the standard deduction is the  
14 amount obtained by subtracting from \$12,970 19.778% of aggregate Wisconsin  
15 adjusted gross income in excess of \$14,570 but not less than \$0. For a married couple  
16 filing jointly that has an aggregate Wisconsin adjusted gross income of more than  
17 \$80,150, the standard deduction is \$0. For a married individual filing separately  
18 who has a Wisconsin adjusted gross income of less than \$6,920, the standard  
19 deduction is \$6,160. For a married individual filing separately who has a Wisconsin  
20 adjusted gross income of at least \$6,920 but not more than \$38,070, the standard  
21 deduction is the amount obtained by subtracting from \$6,160 19.778% of Wisconsin  
22 adjusted gross income in excess of \$6,920 but not less than \$0. For a married  
23 individual filing separately who has a Wisconsin adjusted gross income of more than  
24 \$38,070, the standard deduction is \$0. The secretary of revenue shall prepare a table



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1 under which deductions under this paragraph shall be determined. That table shall  
2 be published in the department's instructional booklets.

3 **\*-1917/1.5\* SECTION 1691.** 71.05 (22) (ds) of the statutes is amended to read:

4 71.05 (22) (ds) *Standard deduction indexing.* For taxable years beginning after  
5 December 31, 1998, and before January 1, 2000, and for taxable years beginning  
6 after December 31, 2000, the dollar amounts of the standard deduction that is  
7 allowable under ~~par. pars.~~ (dm) and (dp) and all of the dollar amounts of Wisconsin  
8 adjusted gross income under ~~par. pars.~~ (dm) and (dp) shall be increased each year by  
9 a percentage equal to the percentage change between the U.S. consumer price index  
10 for all urban consumers, U.S. city average, for the month of August of the previous  
11 year and the U.S. consumer price index for all urban consumers, U.S. city average,  
12 for the month of August of the year before the previous year, as determined by the  
13 federal department of labor. Each amount that is revised under this paragraph shall  
14 be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of  
15 \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased  
16 to the next higher multiple of \$10. The department of revenue shall annually adjust  
17 the changes in dollar amounts required under this paragraph and incorporate the  
18 changes into the income tax forms and instructions.

19 **\*-1917/1.6\* SECTION 1692.** 71.05 (22) (f) 4. b. of the statutes is amended to read:

20 71.05 (22) (f) 4. b. The standard deduction that may be claimed by an individual  
21 under par. (dm) or (dp), based on the individual's filing status.

22 **\*-1917/1.7\* SECTION 1693.** 71.05 (23) of the statutes is created to read:

23 71.05 (23) **PERSONAL EXEMPTIONS.** In computing Wisconsin taxable income, an  
24 individual taxpayer may subtract the following amounts:

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1 (a) For taxable years that begin after December 31, 1999, and before January  
2 1, 2001:

3 1. A personal exemption of \$600 if the taxpayer is required to file a return under  
4 s. 71.03 (2) (a) 1. or 2. and \$600 for the taxpayer's spouse, except if the spouse is filing  
5 separately or as a head of household.

6 2. An exemption of \$600 for each individual for whom the taxpayer is entitled  
7 to an exemption for the taxable year under section 151 (c) of the Internal Revenue  
8 Code.

9 3. An additional exemption of \$200 if the taxpayer has reached the age of 65  
10 before the close of the taxable year to which his or her tax return relates and \$200  
11 for the taxpayer's spouse if he or she has reached the age of 65 before the close of the  
12 taxable year to which his or her tax return relates, except if the spouse is filing  
13 separately or as a head of household.

14 (b) For taxable years that begin after December 31, 2000:

15 1. A personal exemption of \$700 if the taxpayer is required to file a return under  
16 s. 71.03 (2) (a) 1. or 2. and \$700 for the taxpayer's spouse, except if the spouse is filing  
17 separately or as a head of household.

18 2. An exemption of \$700 for each individual for whom the taxpayer is entitled  
19 to an exemption for the taxable year under section 151 (c) of the Internal Revenue  
20 Code.

21 3. An additional exemption of \$250 if the taxpayer has reached the age of 65  
22 before the close of the taxable year to which his or her tax return relates and \$250  
23 for the taxpayer's spouse if he or she has reached the age of 65 before the close of the  
24 taxable year to which his or her tax return relates, except if the spouse is filing  
25 separately or as a head of household.

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1 (c) With respect to persons who change their domicile into or from this state  
2 during the taxable year and nonresident persons, personal exemptions under pars.  
3 (a) and (b) shall be limited to the fraction of the amount so determined that Wisconsin  
4 adjusted gross income is of federal adjusted gross income. In this paragraph, for  
5 married persons filing separately “adjusted gross income” means the separate  
6 adjusted gross income of each spouse and for married persons filing jointly “adjusted  
7 gross income” means the total adjusted gross income of both spouses. If a person and  
8 that person’s spouse are not both domiciled in this state during the entire taxable  
9 year, their personal exemptions on a joint return are determined by multiplying the  
10 personal exemption that would be available to each of them if they were both  
11 domiciled in this state during the entire taxable year by a fraction the numerator of  
12 which is their joint Wisconsin adjusted gross income and the denominator of which  
13 is their joint federal adjusted gross income.

14 **\*-1917/1.8\* SECTION 1694.** 71.06 (1m) (intro.) of the statutes is amended to  
15 read:

16 **71.06 (1m) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; ~~AFTER~~**  
17 **1997 TO 1999.** (intro.) The tax to be assessed, levied and collected upon the taxable  
18 incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or  
19 reserve funds, and single individuals and heads of households shall be computed at  
20 the following rates for taxable years beginning after December 31, 1997, and before  
21 January 1, 2000:

22 **\*-1917/1.9\* SECTION 1695.** 71.06 (1n) of the statutes is created to read:

23 **71.06 (1n) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; 2000.** The  
24 tax to be assessed, levied and collected upon the taxable incomes of all fiduciaries,  
25 except fiduciaries of nuclear decommissioning trust or reserve funds, and single

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1 individuals and heads of households shall be computed at the following rates for  
2 taxable years beginning after December 31, 1999, and before January 1, 2001:

3 (a) On all taxable income from \$0 to \$7,500, 4.73%.

4 (b) On all taxable income exceeding \$7,500 but not exceeding \$15,000, 6.33%.

5 (c) On all taxable income exceeding \$15,000 but not exceeding \$112,500, 6.55%.

6 (d) On all taxable income exceeding \$112,500, 6.75%.

7 **\*-1917/1.10\* SECTION 1696.** 71.06 (1p) of the statutes is created to read:

8 **71.06 (1p) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; AFTER**  
9 **2000.** The tax to be assessed, levied and collected upon the taxable incomes of all  
10 fiduciaries; except fiduciaries of nuclear decommissioning trust or reserve funds, and  
11 single individuals and heads of households shall be computed at the following rates  
12 for taxable years beginning after December 31, 2000:

13 (a) On all taxable income from \$0 to \$7,500, 4.6%.

14 (b) On all taxable income exceeding \$7,500 but not exceeding \$15,000, 6.15%.

15 (c) On all taxable income exceeding \$15,000 but not exceeding \$112,500, 6.5%.

16 (d) On all taxable income exceeding \$112,500, 6.75%.

17 **\*-1917/1.11\* SECTION 1697.** 71.06 (2) (c) (intro.) of the statutes is amended to  
18 read:

19 **71.06 (2) (c) (intro.)** For joint returns, for taxable years beginning after  
20 **December 31, 1997, and before January 1, 2000:**

21 **\*-1917/1.12\* SECTION 1698.** 71.06 (2) (d) (intro.) of the statutes is amended to  
22 read:

23 **71.06 (2) (d) (intro.)** For married persons filing separately, for taxable years  
24 beginning after December 31, 1997, **and before January 1, 2000:**

25 **\*-1917/1.13\* SECTION 1699.** 71.06 (2) (e) of the statutes is created to read:

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1           71.06 (2) (e) For joint returns, for taxable years beginning after December 31,  
2 1999, and before January 1, 2001:

- 3           1. On all taxable income from \$0 to \$10,000, 4.73%.
- 4           2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 6.33%.
- 5           3. On all taxable income exceeding \$20,000 but not exceeding \$150,000, 6.55%.
- 6           4. On all taxable income exceeding \$150,000, 6.75%.

7           \***-1917/1.14\*** SECTION 1700. 71.06 (2) (f) of the statutes is created to read:

8           71.06 (2) (f) For married persons filing separately, for taxable years beginning  
9 after December 31, 1999, and before January 1, 2001:

- 10          1. On all taxable income from \$0 to \$5,000, 4.73%.
- 11          2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 6.33%.
- 12          3. On all taxable income exceeding \$10,000 but not exceeding \$75,000, 6.55%.
- 13          4. On all taxable income exceeding \$75,000, 6.75%.

14          \***-1917/1.15\*** SECTION 1701. 71.06 (2) (g) of the statutes is created to read:

15          71.06 (2) (g) For joint returns, for taxable years beginning after December 31,  
16 2000:

- 17          1. On all taxable income from \$0 to \$10,000, 4.6%.
- 18          2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 6.15%.
- 19          3. On all taxable income exceeding \$20,000 but not exceeding \$150,000, 6.5%.
- 20          4. On all taxable income exceeding \$150,000, 6.75%.

21          \***-1917/1.16\*** SECTION 1702. 71.06 (2) (h) of the statutes is created to read:

22          71.06 (2) (h) For married persons filing separately, for taxable years beginning  
23 after December 31, 2000:

- 24          1. On all taxable income from \$0 to \$5,000, 4.6%.
- 25          2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 6.15%.

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1           3. On all taxable income exceeding \$10,000 but not exceeding \$75,000, 6.5%.

2           4. On all taxable income exceeding \$75,000, 6.75%.

3           \***-1917/1.17\*** **SECTION 1703.** 71.06 (2e) of the statutes is amended to read:

4           71.06 (2e) BRACKET INDEXING. For taxable years beginning after December 31,  
5           1998, and before January 1, 2000, the maximum dollar amount in each tax bracket,  
6           and the corresponding minimum dollar amount in the next bracket, under subs. (1m)  
7           and (2) (c) and (d), and for taxable years beginning after December 31, 2001, the  
8           maximum dollar amount in each tax bracket, and the corresponding minimum dollar  
9           amount in the next bracket, under subs. (1p) and (2) (g) and (h), shall be increased  
10          each year by a percentage equal to the percentage change between the U.S. consumer  
11          price index for all urban consumers, U.S. city average, for the month of August of the  
12          previous year and the U.S. consumer price index for all urban consumers, U.S. city  
13          average, for the month of August of the year before the previous year, as determined  
14          by the federal department of labor. Each amount that is revised under this  
15          subsection shall be rounded to the nearest multiple of \$10 if the revised amount is  
16          not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount  
17          shall be increased to the next higher multiple of \$10. The department of revenue  
18          shall annually adjust the changes in dollar amounts required under this subsection  
19          and incorporate the changes into the income tax forms and instructions.

20          \***-1917/1.18\*** **SECTION 1704.** 71.06 (2m) of the statutes is amended to read:

21          71.06 (2m) RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p) or (2) changes  
22          during a taxable year, the taxpayer shall compute the tax for that taxable year by the  
23          methods applicable to the federal income tax under section 15 of the internal revenue  
24          code.

25          \***-1917/1.19\*** **SECTION 1705.** 71.06 (2s) (b) of the statutes is amended to read:

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1           71.06 (2s) (b) For taxable years beginning after December 31, 1997, and before  
2 January 1, 2000, with respect to nonresident individuals, including individuals  
3 changing their domicile into or from this state, the tax brackets under subs. (1m) and  
4 (2) (c) and (d) shall be multiplied by a fraction, the numerator of which is Wisconsin  
5 adjusted gross income and the denominator of which is federal adjusted gross  
6 income. In this paragraph, for married persons filing separately “adjusted gross  
7 income” means the separate adjusted gross income of each spouse, and for married  
8 persons filing jointly “adjusted gross income” means the total adjusted gross income  
9 of both spouses. If an individual and that individual’s spouse are not both domiciled  
10 in this state during the entire taxable year, the tax brackets under subs. (1m) and  
11 (2) (c) and (d) on a joint return shall be multiplied by a fraction, the numerator of  
12 which is their joint Wisconsin adjusted gross income and the denominator of which  
13 is their joint federal adjusted gross income.

14           \***-1917/1.20\*** SECTION 1706. 71.06 (2s) (c) of the statutes is created to read:

15           71.06 (2s) (c) For taxable years beginning after December 31, 1999, and before  
16 January 1, 2001, with respect to nonresident individuals, including individuals  
17 changing their domicile into or from this state, the tax brackets under subs. (1n) and  
18 (2) (e) and (f) shall be multiplied by a fraction, the numerator of which is Wisconsin  
19 adjusted gross income and the denominator of which is federal adjusted gross  
20 income. In this paragraph, for married persons filing separately “adjusted gross  
21 income” means the separate adjusted gross income of each spouse, and for married  
22 persons filing jointly “adjusted gross income” means the total adjusted gross income  
23 of both spouses. If an individual and that individual’s spouse are not both domiciled  
24 in this state during the entire taxable year, the tax brackets under subs. (1n) and (2)  
25 (e) and (f) on a joint return shall be multiplied by a fraction, the numerator of which

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1 is their joint Wisconsin adjusted gross income and the denominator of which is their  
2 joint federal adjusted gross income.

3 **\*-1917/1.21\* SECTION 1707.** 71.06 (2s) (d) of the statutes is created to read:

4 71.06 (2s) (d) For taxable years beginning after December 31, 2000, with  
5 respect to nonresident individuals, including individuals changing their domicile  
6 into or from this state, the tax brackets under subs. (1p) and (2) (g) and (h) shall be  
7 multiplied by a fraction, the numerator of which is Wisconsin adjusted gross income  
8 and the denominator of which is federal adjusted gross income. In this paragraph,  
9 for married persons filing separately “adjusted gross income” means the separate  
10 adjusted gross income of each spouse, and for married persons filing jointly “adjusted  
11 gross income” means the total adjusted gross income of both spouses. If an individual  
12 and that individual’s spouse are not both domiciled in this state during the entire  
13 taxable year, the tax brackets under subs. (1p) and (2) (g) and (h) on a joint return  
14 shall be multiplied by a fraction, the numerator of which is their joint Wisconsin  
15 adjusted gross income and the denominator of which is their joint federal adjusted  
16 gross income.

17 **\*-0549/1.1\* SECTION 1708.** 71.07 (2dj) (am) 3. of the statutes is amended to  
18 read:

19 71.07 (2dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)  
20 of the internal revenue code to allow certification within the ~~90-day~~ period beginning  
21 with the first day of employment of the employe ~~by the claimant~~.

22 **\*-0550/1.1\* SECTION 1709.** 71.07 (2dx) (b) 4. of the statutes is amended to read:

23 71.07 (2dx) (b) 4. The amount determined by multiplying the amount  
24 determined under s. 560.785 (1) (~~b~~) (bm) by the number of full-time jobs retained,  
25 as provided in the rules under s. 560.785, excluding jobs for which a credit has been



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1 claimed under sub. (2dj), in a an enterprise development zone under s. 560.797 and  
2 filled by a member of a targeted group for which significant capital investment was  
3 made and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

4 **\*-1785/1.5\* SECTION 1710.** 71.07 (3) of the statutes is amended to read:

5 71.07 (3) FARMLAND PRESERVATION CREDIT, FARMLAND PRESERVATION ACREAGE  
6 CREDIT The farmland preservation credit and the farmland preservation acreage  
7 credit under subch. IX may be claimed against taxes otherwise due.

8 **\*-1917/1.22\* SECTION 1711.** 71.07 (5) (a) 7. of the statutes is created to read:

9 71.07 (5) (a) 7. Miscellaneous itemized deductions under the Internal Revenue  
10 Code, without regard to whether such deductions are subject to the 2% floor as  
11 described in section 67 of the Internal Revenue Code.

12 **\*-0574/1.1\* SECTION 1712.** 71.07 (5) (a) 8. of the statutes is created to read:

13 71.07 (5) (a) 8. Any employment–related educational expense that is claimed  
14 as an itemized deduction under the Internal Revenue Code to the extent that such  
15 an amount is also claimed as a subtract modification under s. 71.05 (6) (b) 28.

16 **\*-1917/1.23\* SECTION 1713.** 71.07 (5m) (e) of the statutes is created to read:

17 71.07 (5m) (e) *Sunset*. No new claim may be filed under this subsection for a  
18 taxable year that begins after December 31, 1999.

19 **\*-1917/1.24\* SECTION 1714.** 71.07 (6) (am) 2. c. of the statutes is amended to  
20 read:

21 71.07 (6) (am) 2. c. For taxable years beginning after December 31, 1999, and  
22 before January 1, 2001, 2.75% of the earned income of the spouse with the lower  
23 earned income, but not more than ~~\$385~~ \$440.

24 **\*-1917/1.25\* SECTION 1715.** 71.07 (6) (am) 2. d. of the statutes is amended to  
25 read:

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1           71.07 (6) (am) 2. d. For taxable years beginning after December 31, 2000, 3%  
2 of the earned income of the spouse with the lower earned income, but not more than  
3 ~~\$420~~ \$480.

4           \***-1917/1.26\*** SECTION 1716. 71.07 (8) (d) of the statutes is created to read:

5           71.07 (8) (d) No new claim may be filed under this subsection for a taxable year  
6 that begins after December 31, 1999.

7           \***-1917/1.27\*** SECTION 1717. 71.07 (9) (g) of the statutes is created to read:

8           71.07 (9) (g) No new claim may be filed under this subsection for a taxable year  
9 that begins after December 31, 1999.

10           \***-1611/7.13\*** SECTION 1718. 71.07 (9e) (af) (intro.) of the statutes is amended  
11 to read:

12           71.07 (9e) (af) (intro.) For taxable years beginning after December 31, 1995,  
13 and subject to par. (afm), any natural person may credit against the tax imposed  
14 under s. 71.02 an amount equal to one of the following percentages of the federal  
15 basic earned income credit for which the person is eligible for the taxable year under  
16 section 32 (b) (1) (A) to (C) of the internal revenue code:

17           \***-1611/7.14\*** SECTION 1719. 71.07 (9e) (afm) of the statutes is created to read:

18           71.07 (9e) (afm) If a natural person who is otherwise eligible for the credit  
19 under this subsection is also participating in Wisconsin works under s. 49.147 (4) (c),  
20 the credit that such a natural person may claim under par. (af) shall be calculated  
21 as if the calculation of the person's federal basic earned income credit described in  
22 par. (af) did not include wages that the person received from a wage-paying  
23 community service job under s. 49.147 (4) (c).

24           \***-1785/1.6\*** SECTION 1720. 71.10 (4) (i) of the statutes is amended to read:

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1           71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland  
2           preservation credit and farmland preservation acreage credit under subch. IX,  
3           homestead credit under subch. VIII, farmland tax relief credit under s. 71.07 (3m),  
4           farmers' drought property tax credit under s. 71.07 (2fd), earned income tax credit  
5           under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under  
6           subch. X.

7           \***-1917/1.28\*** **SECTION 1721.** 71.125 of the statutes is amended to read:

8           **71.125 Imposition of tax. (1)** Except as provided in sub. (2), the tax imposed  
9           by this chapter on individuals and the rates under s. 71.06 (1), (1m), (1n), (1p) and  
10          (2) shall apply to the Wisconsin taxable income of estates or trusts, except nuclear  
11          decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

12          **(2)** Each electing small business trust, as defined in section 1361 (e) (1) of the  
13          Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1) ~~or under~~  
14          ~~s. 71.06,~~ (1m), (1n) or (1p), whichever taxable year is applicable, on its income as  
15          computed under section 641 of the Internal Revenue Code, as modified by s. 71.05  
16          (6) to (12), (19) and (20).

17          \***-1917/1.29\*** **SECTION 1722.** 71.17 (6) of the statutes is amended to read:

18          **71.17 (6) FUNERAL TRUSTS.** If a qualified funeral trust makes the election under  
19          section 685 of the Internal Revenue Code for federal income tax purposes, that  
20          election applies for purposes of this chapter and each trust shall compute its own tax  
21          and shall apply the rates under s. 71.06 (1) ~~and,~~ (1m), (1n) or (1p).

22          \***-1749/1.1\*** **SECTION 1723.** 71.23 (3) (d) of the statutes is created to read:

23          **71.23 (3) (d)** The storage for any length of time in this state in or on property  
24          owned by a person other than the foreign corporation of its tangible personal  
25          property and the transfer of possession to another person in this state when the

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1 tangible personal property is for fabricating, processing, manufacturing or printing  
2 by that other person in this state.

3 **\*-1689/4.1\* SECTION 1724.** 71.25 (5) (a) (intro.) of the statutes is amended to  
4 read:

5 71.25 (5) (a) *Apportionable income.* (intro.) Except as provided in sub. (6),  
6 corporations engaged in business both within and without this state are subject to  
7 apportionment. Income, gain or loss from the sources listed in this paragraph is  
8 presumed apportionable. Apportionable income includes all income or loss of  
9 corporations, other than nonapportionable income as specified in par. (b), including,  
10 but not limited to, income, gain or loss from the following sources:

11 **\*-1689/4.2\* SECTION 1725.** 71.25 (5) (a) 9. of the statutes is amended to read:

12 71.25 (5) (a) 9. Interest and dividends ~~if the operations of the payer are unitary~~  
13 ~~with those of the payee, or if these operations are not unitary but the investment~~  
14 ~~activity from which that income is derived is an integral part of a unitary business~~  
15 ~~and the payer and payee are neither affiliates nor related as parent company and~~  
16 ~~subsidiary. In this subdivision, “investment activity” includes decision making~~  
17 ~~relating to the purchase and sale of stocks and other securities, investing surplus~~  
18 ~~funds and the management and record keeping associated with corporate~~  
19 ~~investments, not including activities of a broker or other agent in maintaining an~~  
20 ~~investment portfolio.~~

21 **\*-1689/4.3\* SECTION 1726.** 71.25 (5) (a) 10. of the statutes is amended to read:

22 71.25 (5) (a) 10. Sale of intangible assets ~~if the operations of the company in~~  
23 ~~which the investment was made were unitary with those of the investing company,~~  
24 ~~or if these operations were not unitary but the investment activity from which that~~  
25 ~~gain or loss was derived is an integral part of a unitary business and the companies~~

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1 ~~were neither affiliates nor related as parent company and subsidiary. In this~~  
2 ~~subdivision, "investment activity" has the meaning given under subd. 9.~~

3 **\*-1689/4.4\* SECTION 1727.** 71.25 (5) (b) 1. of the statutes is renumbered 71.25  
4 (5) (b).

5 **\*-1689/4.5\* SECTION 1728.** 71.25 (5) (b) 2. of the statutes is repealed.

6 **\*-1837/5.9\* SECTION 1729.** 71.25 (6) of the statutes is amended to read:

7 **71.25 (6) ALLOCATION AND SEPARATE ACCOUNTING AND APPORTIONMENT FORMULA.**  
8 Corporations engaged in business within and without the state shall be taxed only  
9 on such income as is derived from business transacted and property located within  
10 the state. The amount of such income attributable to Wisconsin may be determined  
11 by an allocation and separate accounting thereof, when the business of such  
12 corporation within the state is not an integral part of a unitary business, but the  
13 department of revenue may permit an allocation and separate accounting in any case  
14 in which it is satisfied that the use of such method will properly reflect the income  
15 taxable by this state. In all cases in which allocation and separate accounting is not  
16 permissible, the determination shall be made in the following manner: for all  
17 businesses except financial organizations, public utilities, railroads, sleeping car  
18 companies, car line companies and corporations or associations that are subject to  
19 a tax on unrelated business income under s. 71.26 (1) (a) there shall first be deducted  
20 from the total net income of the taxpayer the part thereof (less related expenses, if  
21 any) that follows the situs of the property or the residence of the recipient. The For  
22 taxable years beginning before January 1, 2000, the remaining net income shall be  
23 apportioned to Wisconsin this state by use of an apportionment fraction composed  
24 of a sales factor under sub. (9) representing 50% of the fraction, a property factor  
25 under sub. (7) representing 25% of the fraction and a payroll factor under sub. (8)

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1 representing 25% of the fraction. For taxable years beginning on or after January  
2 1, 2000, the remaining net income shall be apportioned to this state by use of an  
3 apportionment fraction composed of the sales factor under sub. (9).

4 \***-1837/5.10\*** SECTION 1730. 71.25 (7) (intro.) of the statutes is amended to  
5 read:

6 71.25 (7) PROPERTY FACTOR. (intro.) For purposes of sub. (5) and for taxable  
7 years beginning before January 1, 2000:

8 \***-1837/5.11\*** SECTION 1731. 71.25 (8) (intro.) of the statutes is amended to  
9 read:

10 71.25 (8) PAYROLL FACTOR. (intro.) For purposes of sub. (5) and for taxable years  
11 beginning before January 1, 2000:

12 \***-1837/5.12\*** SECTION 1732. 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 allocated by sub. (8). This paragraph does not apply to taxable years beginning  
21 after December 31, 1999.

22 \***-1837/5.13\*** SECTION 1733. 71.25 (9) (dc) of the statutes is created to read:

23 71.25 (9) (dc) For taxable years beginning after December 31, 1999, sales,  
24 rents, royalties, and other income from real property, and the receipts from the lease

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1 or rental of tangible personal property are attributed to the state in which the  
2 property is located.

3 **\*-1837/5.14\* SECTION 1734.** 71.25 (9) (dg) of the statutes is created to read:

4 71.25 (9) (dg) For taxable years beginning after December 31, 1999, receipts  
5 from the lease or rental of moving property including but not limited to motor  
6 vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the  
7 numerator of the sales factor under par. (a) to the extent that the property is used  
8 in this state. The use of moving property in this state is determined as follows:

9 1. A motor vehicle is used in this state if it is registered in this state and used  
10 wholly in this state.

11 2. The use of rolling stock in this state is determined by multiplying the receipts  
12 from the lease or rental of the rolling stock by a fraction having as a numerator the  
13 miles traveled within this state by the leased or rented rolling stock and having as  
14 a denominator the total miles traveled by the leased or rented rolling stock.

15 3. The use of an aircraft in this state is determined by multiplying the receipts  
16 from the lease or rental of the aircraft by a fraction having as a numerator the  
17 number of landings of the aircraft in this state and having as a denominator the total  
18 number of landings anywhere of the aircraft.

19 4. The use of a vessel, mobile equipment or other mobile property in this state  
20 is determined by multiplying the receipts from the lease or rental of the property by  
21 a fraction having as a numerator the number of days in the taxable year that the  
22 vessel, mobile equipment or other mobile property was in this state and having as  
23 a denominator the number of days in the taxable year that the vessel, mobile  
24 equipment or other mobile property was rented or leased.

25 **\*-1837/5.15\* SECTION 1735.** 71.25 (9) (dn) of the statutes is created to read:

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1           71.25 (9) (dn) 1. For taxable years beginning after December 31, 1999, royalties  
2 and other income received for the use of intangible property are attributed to the  
3 state where the purchaser uses the intangible property. If intangible property is used  
4 in more than one state, the royalties and other income received for the use of the  
5 intangible property shall be apportioned to this state according to the portion of the  
6 intangible property's use in this state. If the portion of intangible property's use in  
7 this state cannot be determined, the royalties and other income received for the use  
8 of intangible property shall be excluded from the numerator and the denominator of  
9 the sales factor under par. (a). Intangible property is used in this state if a purchaser  
10 uses the intangible property or uses the rights to intangible property in the regular  
11 course of the purchaser's business in this state, regardless of where the purchaser's  
12 customers are located.

13           2. For taxable years beginning after December 31, 1999, sales of intangible  
14 property are attributed to the state where a purchaser uses the intangible property.  
15 If intangible property is used in more than one state, the sales of the intangible  
16 property shall be apportioned to this state according to the portion of the intangible  
17 property's use in this state. If the portion of intangible property's use in this state  
18 cannot be determined, the sales of the intangible property shall be excluded from the  
19 numerator and the denominator of the sales factor under par. (a). Intangible  
20 property is used in this state if a purchaser uses the intangible property in the  
21 regular course of the purchaser's business in this state, regardless of where the  
22 purchaser's customers are located.

23           \*~~1837/5.16~~\* SECTION 1736. 71.25 (9) (dr) of the statutes is created to read:

24           71.25 (9) (dr) For taxable years beginning after December 31, 1999, receipts  
25 from the performance of services are attributed to the state where the purchaser



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1 received the benefit of the services. If a purchaser receives the benefit of a service  
2 in more than one state, the receipts from the performance of the service are included  
3 in the numerator of the sales factor under par. (a) according to the portion of the  
4 benefit of the service received in this state. If the state where a purchaser received  
5 the benefit of a service cannot be determined, the benefit of a service is received in  
6 the state where the purchaser, in the regular course of the purchaser's business,  
7 ordered the service. If the state where a purchaser ordered a service cannot be  
8 determined, the benefit of the service is received in the state where the purchaser,  
9 in the regular course of the purchaser's business, receives a bill for the service.

10 **\*-1837/5.17\* SECTION 1737.** 71.25 (9) (e) (title) of the statutes is repealed.

11 **\*-1837/5.18\* SECTION 1738.** 71.25 (9) (f) (title) of the statutes is repealed.

12 **\*-1689/4.6\* SECTION 1739.** 71.255 of the statutes is created to read:

13 **71.255 Combined reporting.** (1) DEFINITIONS. In this section:

14 (a) "Affiliated group" means any of the following:

15 1. A parent corporation and any corporation or chain of corporations that are  
16 connected to the parent corporation by ownership by the parent corporation if the  
17 parent corporation owns stock representing at least 50% of the voting stock of at least  
18 one of the connected corporations or if the parent corporation or any of the connected  
19 corporations owns stock that cumulatively represents at least 50% of the voting stock  
20 of each of the connected corporations.

21 2. Any 2 or more corporations if a common owner owns stock representing at  
22 least 50% of the voting stock of the corporations or the connected corporations.

23 3. A partnership, limited liability company or tax-option corporation if a  
24 parent corporation or any corporation connected to the parent corporation by

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1 common ownership owns shares representing at least 50% of the shares of the  
2 partnership, limited liability company or tax-option corporation.

3 4. Any 2 or more corporations if stock representing at least 50% of the voting  
4 stock in each corporation are interests that cannot be separately transferred.

5 5. Any 2 or more corporations if stock representing at least 50% of the voting  
6 stock is directly owned by, or for the benefit of, family members. In this subdivision,  
7 “family members” means an individual or a spouse related by blood, marriage or  
8 adoption within the 2nd degree of kinship as computed under s. 852.03 (2), 1995  
9 stats.

10 (b) “Combined report” means a form prescribed by the department that shows  
11 the calculations under this section to divide the income of an affiliated group  
12 conducting a unitary business among the jurisdictions where the affiliated group  
13 conducts its trade or business.

14 (c) “Corporation” has the meaning given in s. 71.22 (1) or 71.42 (1).

15 (d) “Department” means the department of revenue.

16 (e) “Intercompany transaction” means a transaction between corporations,  
17 partnerships, limited liability companies or tax-option corporations that become  
18 members of the same affiliated group that is engaged in a unitary business  
19 immediately after the transaction.

20 (f) “Partnership” means any entity considered a partnership under section  
21 7701 of the Internal Revenue Code.

22 (g) “Unitary business” means 2 or more businesses that have common  
23 ownership or are integrated with or dependent upon each other. Two or more  
24 businesses are presumed to be a unitary business if the businesses have centralized  
25 management or a centralized executive force; centralized purchasing, advertising or

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1 accounting; intercorporate sales or leases; intercorporate services; intercorporate  
2 debts; intercorporate use of proprietary materials; interlocking directorates or  
3 interlocking corporate officers; or if a business conducted in this state is owned by  
4 a person that conducts a business entirely outside of this state that is different from  
5 the business conducted in this state.

6 (2) CORPORATIONS REQUIRED TO USE COMBINED REPORTING. A corporation that is  
7 subject to tax under s. 71.23 (1) or (2) or 71.43, that is a member of an affiliated group  
8 and that is engaged in a unitary business with one or more members of the affiliated  
9 group shall compute the corporation's income using the combined reporting method  
10 under this section. Any corporation, regardless of the country where the corporation  
11 is organized or incorporated or conducts business, and any tax-option corporation,  
12 if the department determines that combined reporting is necessary to accurately  
13 report the income of the tax-option corporation apportioned to this state, shall file  
14 a combined report if the corporation is a member of an affiliated group that is  
15 engaged in a unitary business.

16 (3) ACCOUNTING PERIOD. For purposes of this section, the income under ss.  
17 71.26, 71.34 and 71.45, the apportionment factors under ss. 71.25 and 71.45 and the  
18 tax credits under ss. 71.28 and 71.47 of all corporations that are members of an  
19 affiliated group and that are engaged in a unitary business shall be determined by  
20 using the same accounting period. If the affiliated group that is engaged in a unitary  
21 business has a common parent corporation, the accounting period of the common  
22 parent corporation shall be used to determine the income, the apportionment factors  
23 and the tax credits of all the corporations that are members of the affiliated group  
24 that is engaged in a unitary business. If the affiliated group that is engaged in a  
25 unitary business has no common parent corporation, the income, the apportionment

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1 factors and the tax credits of the affiliated group that is engaged in a unitary business  
2 shall be determined using the accounting period of the member of the affiliated group  
3 that has the most significant operations on a recurring basis in this state.

4 (4) FILING RETURNS. (a) *Corporations with the same accounting period.*  
5 Corporations that must file a return under this section and that have the same  
6 accounting period may file a combined report under par. (c) that reports the  
7 aggregate state franchise or state income tax liability of all of the members of the  
8 affiliated group that are engaged in a unitary business. Corporations that are  
9 required to file a combined report under this section may file separate returns  
10 reporting the respective apportionment of the corporation's state franchise or state  
11 income tax liability as determined under the combined reporting method, if each  
12 corporation filing a separate return pays its own apportionment of its state franchise  
13 or state income tax liability.

14 (b) *Corporations with different accounting periods.* Corporations that are  
15 required to file a combined report and that have different accounting periods shall  
16 use the actual figures from the corporations' financial records to determine the  
17 proper income and income-related computations to convert to a common accounting  
18 period. Corporations that are required to file a combined report may use a  
19 proportional method to convert income to a common accounting period if the results  
20 of the proportional method do not materially misrepresent the income apportioned  
21 to this state. The apportionment factors under ss. 71.25 and 71.45 and the tax credits  
22 under ss. 71.28 and 71.47 shall be computed according to the same method used to  
23 determine the income under ss. 71.26, 71.34 and 71.45 for the common accounting  
24 period. If a corporation performs an interim closing of its financial records to  
25 determine the income attributable to the common accounting period, the actual

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1 figures from the interim closing shall be used to convert the apportionment factors  
2 to the common accounting period.

3 (c) *Designated agent.* If corporations that are subject to this section file a  
4 combined report under par. (a), the parent corporation of the affiliated group shall  
5 be the sole designated agent for each member of the affiliated group including the  
6 parent corporation. The designated agent shall file the combined report under par.  
7 (a), shall file for any extensions under s. 71.24 (7) or 71.44 (3), shall file amended  
8 reports and claims for refund or credit, and shall send and receive all correspondence  
9 with the department regarding a combined report. Any notice the department sends  
10 to the designated agent is considered a notice sent to all members of the affiliated  
11 group. Any refund shall be paid to and in the name of the designated agent and shall  
12 discharge any liability of the state to any member of an affiliated group regarding  
13 the refund. The affiliated group filing a combined report under par. (a) shall pay all  
14 taxes, including estimated taxes, in the designated agent's name. The designated  
15 agent shall participate on behalf of the affiliated group in any investigation or  
16 hearing requested by the department regarding a combined report and shall produce  
17 all information requested by the department regarding a combined report. The  
18 designated agent may execute a power of attorney on behalf of the members of the  
19 affiliated group. The designated agent shall execute waivers, closing agreements  
20 and other documents regarding a report filed under par. (a) and any waiver,  
21 agreement or document executed by the designated agent shall be considered as  
22 executed by all members of the affiliated group. If the department acts in good faith  
23 with an affiliated group member that represents itself as the designated agent for  
24 the affiliated group but that affiliated group member is not the designated agent, any  
25 action taken by the department with that affiliated group member has the same

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1 effect as if that affiliated group member were the actual designated agent for the  
2 affiliated group.

3 (d) *Part-year members.* If a corporation becomes a member of an affiliated  
4 group engaged in a unitary business or ceases to be a member of an affiliated group  
5 engaged in a unitary business after the beginning of a common accounting period,  
6 the corporation's income shall be apportioned to this state as follows:

7 1. If the corporation is required to file 2 short period federal returns for the  
8 common accounting period, the income for the short period that the corporation was  
9 a member of an affiliated group engaged in a unitary business shall be determined  
10 by using the combined reporting method and the corporation shall join in filing a  
11 combined report for that short period. The income for the remaining short period  
12 shall be by separate reporting under s. 71.25 or 71.45. If the corporation becomes a  
13 member of another affiliated group that is engaged in a unitary business in the  
14 remaining short period, the corporation's income shall be determined for the  
15 remaining short period by using the combined reporting method.

16 2. If the corporation is not required to file federal short period returns, the  
17 corporation shall file a separate return. Income shall be determined as follows:

18 a. By the combined reporting method for any period that the corporation was  
19 a member of an affiliated group that was engaged in a unitary business.

20 b. By separate reporting under s. 71.25 or 71.45 for any period that the  
21 corporation was not a member of an affiliated group that was engaged in a unitary  
22 business.

23 (e) *Amended combined report.* The election to file a combined report under this  
24 section applies to an amended combined report that includes the same corporations

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1 that joined in the filing of the original combined report. Under this section, an  
2 amended combined report shall be filed as follows:

3 1. If an election to file a combined report that is in effect for a taxable year is  
4 revoked for the taxable year because the affiliated group that filed the combined  
5 report is not a unitary business, as determined by the department, the designated  
6 agent for the affiliated group may not file an amended combined report. The  
7 designated agent and each corporation that joined in filing the combined report shall  
8 file a separate amended return. To compute the tax due on a separate amended  
9 return, a corporation that files a separate amended return shall consider all of the  
10 payments, credits or other amounts, including refunds, that the designated agent  
11 allocated to the corporation.

12 2. If a change in tax liability under this section is the result of the removal of  
13 a corporation from an affiliated group because the corporation was not eligible to be  
14 a member of the affiliated group for the taxable year, as determined by the  
15 department, the designated agent shall file an amended combined report and the  
16 ineligible corporation shall file a separate amended return.

17 3. If a corporation erroneously fails to join in the filing of a combined report,  
18 the designated agent shall file an amended combined report that includes the  
19 corporation. If a corporation that erroneously fails to join in the filing of a combined  
20 report has filed a separate return, the corporation shall file an amended separate  
21 return that shows no net income, overpayment or underpayment, and shows that the  
22 corporation has joined in the filing of a combined report.

23 (5) INCOME COMPUTATION UNDER COMBINED REPORTING. Under the combined  
24 reporting method, income attributable to this state shall be determined as follows:

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1 (a) Determine the net income of each corporation under s. 71.26, 71.34 (1) or  
2 71.45, including a general or limited partner's share of income to the extent that the  
3 general or limited partner and the partnership in which the general or limited  
4 partner invests are engaged in a unitary business, regardless of the percentage of the  
5 general or limited partner's ownership in the partnership.

6 (b) Adjust each corporation's income, as determined under par. (a), as provided  
7 under s. 71.30.

8 (c) From the amount determined under par. (b), subtract intercompany  
9 transactions such that intercompany accounts of assets, liabilities, equities, income,  
10 costs or expenses are excluded from the determination of income to accurately reflect  
11 the income, the apportionment factors and the tax credits in a combined report that  
12 is filed under this section. Distributions of intercompany dividends that are paid  
13 from nonbusiness earnings or nonbusiness profits, or distributions of intercompany  
14 dividends that are paid from earnings or profits that are accumulated before the  
15 payer corporation becomes a member of an affiliated group that is engaged in a  
16 unitary business, may not be excluded from the income of the recipient corporation.  
17 An intercompany distribution that exceeds the payer corporation's earnings or  
18 profits or stock basis shall not be considered income from an intercompany sale of an  
19 asset and shall not be excluded as income from an intercompany transaction.  
20 Intercompany dividends that are paid from earnings or profits from a unitary  
21 business income shall be considered as paid first from current earnings or profits and  
22 then from accumulations from prior years in reverse order of accumulation. An  
23 intercompany transaction includes the following:

24 1. Income from sales of inventory from one member of the affiliated group to  
25 another member of the affiliated group.



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1           2. Gain or loss from sales of intangible assets from one member of the affiliated  
2 group to another member of the affiliated group.

3           3. Gain or loss on sales of fixed assets or capitalized intercompany charges from  
4 one member of the affiliated group to another member of the affiliated group.

5           4. Loans, advances, receivables and similar items that one member of the  
6 affiliated group owes to another member of the affiliated group, including interest  
7 income and interest expense related to these items.

8           5. Stock or other equity of one member of the affiliated group that is owned or  
9 controlled by another member of the affiliated group.

10          6. Except as provided in par. (c) (intro.), intercompany dividends paid out of  
11 earnings or profits from a unitary business income.

12          7. Annual rent paid by one member of the affiliated group to another member  
13 of the affiliated group.

14          8. Management or service fees paid by one member of the affiliated group to  
15 another member of the affiliated group.

16          9. Income or expenses allocated or charged by one member of the affiliated  
17 group to another member of the affiliated group.

18          (d) From the amount determined under par. (c) for each corporation, subtract  
19 nonbusiness income, net of related expenses, and add nonbusiness losses, net of  
20 related expenses, to determine each corporation's apportionable net income or  
21 apportionable net loss.

22          (e) Calculate the apportionment factors under sub. (6) and multiply each  
23 corporation's apportionable net income or apportionable net loss, as determined  
24 under par. (d), by the corporation's apportionment fraction as determined under s.  
25 71.25 (6).

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1           (f) To the amount determined under par. (e), add each corporation's  
2 nonbusiness income attributable to this state and subtract each corporation's  
3 nonbusiness losses attributable to this state.

4           (g) To the amount determined under par. (f), subtract each corporation's net  
5 business loss carry-forward under s. 71.26 (4) or 71.45 (4). A corporation may not  
6 carry forward a business loss from taxable years ending before January 1, 2000, if  
7 the corporation was not subject to this state's income or franchise tax for taxable  
8 years ending before January 1, 2000.

9           **(6) APPORTIONMENT FACTOR COMPUTATION UNDER COMBINED REPORTING.** Under the  
10 combined reporting method, this state's apportionment factors are determined as  
11 follows:

12           (a) Determine the numerator and the denominator of each corporation's  
13 apportionment factors as determined under s. 71.25 or 71.45, including a general or  
14 limited partner's share of the numerator and the denominator of the apportionment  
15 factors to the extent that the general or limited partner and the partnership in which  
16 the general or limited partner invests are engaged in a unitary business, regardless  
17 of the percentage of the general or limited partner's ownership in the partnership.

18           (b) Subtract intercompany transactions under sub. (5) (c) from both the  
19 numerators and the denominators as determined under par. (b).

20           (c) Add the denominators of the apportionment factors for each corporation, as  
21 determined under par. (b), to arrive at the combined denominators.

22           (d) Compute each corporation's apportionment factors by dividing the  
23 corporation's numerator as determined under par. (b) by the combined denominator  
24 as determined under par. (c).

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1           (7) NET OPERATING LOSSES. For the first 2 taxable years that a combined report  
2 is filed under this section, the net operating loss for each member of an affiliated  
3 group that files a combined report is determined by adding each member's share of  
4 nonbusiness income to each member's share of business income and subtracting each  
5 member's share of nonbusiness loss from each member's share of business loss.  
6 Beginning with the 3rd taxable year that a combined report is filed under this  
7 section, if a member of an affiliated group that files a combined report has a positive  
8 net income as determined under sub. (5), the affiliated group shall only deduct the  
9 amount of the net operating loss carry-forward attributable to that member.

10           (8) ESTIMATED TAX PAYMENTS. (a) For the first 2 taxable years that a combined  
11 report is filed under this section, estimated taxes may be paid on a group basis or on  
12 a separate basis. The amount of any separate estimated taxes paid in the first 2  
13 taxable years that a combined report is filed shall be credited against the group's tax  
14 liability. The designated agent shall notify the department of any estimated taxes  
15 paid on a separate basis in the first 2 taxable years that a combined report is filed.

16           (b) If a combined report is filed for 2 consecutive taxable years, estimated taxes  
17 shall be paid on a group basis for each subsequent taxable year until such time as  
18 separate returns are filed by the corporations that were members of an affiliated  
19 group that filed combined reports under this section. For each taxable year in which  
20 combined estimated payments are required under this subsection, the department  
21 shall consider the affiliated group filing a combined report to be one taxpayer. If a  
22 corporation subject to this section files a separate return in a taxable year following  
23 a year in which the corporation joined in filing a combined report, the amount of any  
24 estimated tax payments made on a group basis for the previous year shall be credited

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1 against the tax liability of the corporation that files a separate return, as allocated  
2 by the designated agent with the department's approval.

3 (c) If an affiliated group pays estimated taxes on a group basis for a taxable year  
4 or for any part of a taxable year, and the members of the affiliated group file separate  
5 returns for the taxable year, the designated agent, with the department's approval,  
6 shall allocate the estimated tax payments among the members of the affiliated  
7 group.

8 (d) If estimated taxes are paid on a group basis for a taxable year but the group  
9 does not file a combined report for the taxable year and did not file a combined report  
10 for the previous taxable year, the estimated tax shall be credited to the corporation  
11 that made the estimated tax payment on the group's behalf.

12 (9) INTEREST FOR UNDERPAYMENT OF ESTIMATED TAX. (a) *General.* The amount  
13 of interest that is due for an underpayment of estimated taxes under sub. (8) shall  
14 be computed as follows:

15 1. For the first year in which a combined report is filed, the amount of interest  
16 that is due for an underpayment of estimated taxes shall be determined by using the  
17 aggregate of the tax and income shown on the returns filled by the members of the  
18 group for the previous year.

19 2. For estimated taxes paid under sub. (8)(c), the amount of interest that is due  
20 from a group member for an underpayment of estimated taxes paid by the group  
21 member shall be determined by using the group member's separate items from the  
22 combined report filed for the previous year and the group member's allocated share  
23 of the combined estimated payments for the current year. The designated agent shall  
24 report the group member's allocated share of the combined estimated payments for  
25 the current year to the department, in the manner prescribed by the department.

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1           (b) *Entering a group.* For a corporation that becomes a member of an affiliated  
2 group during a common accounting period under sub. (3), the amount of interest that  
3 is due for an underpayment of estimated taxes shall be allocated to the corporation  
4 as follows:

5           1. If a corporation becomes a member of an affiliated group at the beginning  
6 of a common accounting period, the corporation shall include with the corresponding  
7 items on the combined report for the previous common accounting period the  
8 separate items shown on the corporation's return for the previous taxable year.

9           2. If a corporation is not a member of an affiliated group for an entire common  
10 accounting period, the corporation shall include with the corresponding items on the  
11 combined report for the current taxable year the corporation's separate items for that  
12 portion of the common accounting period that the corporation was a member of the  
13 affiliated group.

14           3. To determine the separate items under subds. 1. and 2., if a corporation is  
15 a member of an affiliated group during a portion of a common accounting period in  
16 which the corporation becomes a member of another affiliated group, the  
17 corporation's separate items shall include the separate items that are attributed to  
18 the corporation by the designated agent of the first affiliated group.

19           (c) *Leaving a group.* For a corporation that leaves an affiliated group during  
20 a common accounting period under sub. (3), the amount of interest that is due for an  
21 underpayment of estimated taxes shall be allocated as follows:

22           1. The separate items attributed by the designated agent to the corporation for  
23 the common accounting period during which the corporation leaves the affiliated  
24 group shall be excluded from the corresponding items of the affiliated group for the

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1 current common accounting period and all the common accounting periods following  
2 the corporation's departure from the affiliated group.

3 2. A corporation that leaves an affiliated group shall consider the separate  
4 items attributed to the corporation by the designated agent of the affiliated group to  
5 determine the amount of interest that is due from the corporation for an  
6 underpayment of estimated taxes under sub. (8).

7 **(10) ASSESSMENT NOTICE.** If the department sends a notice of taxes that are  
8 owed by an affiliated group to the designated agent, the notice shall name each  
9 corporation that is a member of the affiliated group during any part of the period  
10 covered by the notice. The department's failure to name a member of the affiliated  
11 group on a notice under this subsection shall not invalidate the notice as to the  
12 unnamed member of the affiliated group. Any levy, lien or other proceeding to collect  
13 the amount of a tax assessment under this section shall name the corporation from  
14 which the department shall collect the assessment. If a corporation that joined in  
15 the filing of a combined report leaves the affiliated group, the department shall send  
16 the corporation a copy of any notice sent to the affiliated group under this subsection  
17 if the corporation notifies the department that the corporation is no longer a member  
18 of the affiliated group and if the corporation requests in writing that the department  
19 send notices under this subsection to the corporation. The department's failure to  
20 comply with a corporation's request to receive a notice does not affect the tax liability  
21 of the corporation.

22 **(11) LIABILITY FOR TAX, INTEREST AND PENALTY.** If members of an affiliated group  
23 file a combined report, the members of the affiliated group shall be jointly and  
24 severally liable for any combined tax, interest or penalty. The liability of a member  
25 of an affiliated group for any combined tax, interest or penalty shall not be reduced

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1 by an agreement with another member of the affiliated group or by an agreement  
2 with another person.

3 (12) PRESUMPTIONS AND BURDEN OF PROOF. An affiliated group shall be presumed  
4 to be engaged in a unitary business and all of the income of the unitary business shall  
5 be presumed to be apportionable business income under this section. A corporation,  
6 partnership, limited liability company or tax-option corporation has the burden of  
7 proving that it is not a member of an affiliated group that is subject to this section.  
8 The department shall promulgate rules to implement this section.

9 \*~~0030/2.112~~\* SECTION 1740. 71.26 (1) (b) of the statutes is amended to read:

10 71.26 (1) (b) *Political units*. Income received by the United States, the state  
11 and all counties, cities, villages, towns, school districts, technical college districts,  
12 joint local water authorities created under s. 66.0735, family care districts under s.  
13 46.2895 or other political units of this state.

14 \*~~1689/4.7~~\* SECTION 1741. 71.26 (3) (L) of the statutes is amended to read:

15 71.26 (3) (L) Section 265 is excluded and replaced by the rule that any amount  
16 otherwise deductible under this chapter that is directly or indirectly related to  
17 income wholly exempt from taxes imposed by this chapter or to losses from the sale  
18 or other disposition of assets the gain from which would be exempt under this  
19 paragraph if the assets were sold or otherwise disposed of at a gain is not deductible.  
20 In this paragraph, “wholly exempt income”, for corporations subject to franchise or  
21 income taxes, includes ~~amounts received from affiliated or subsidiary corporations~~  
22 ~~for interest, dividends or capital gains that, because of the degree of common~~  
23 ~~ownership, control or management between the payer and payee, are not subject to~~  
24 taxes under this chapter. In this paragraph, “wholly exempt income”, for  
25 corporations subject to income taxation under this chapter, also includes interest on

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1 obligations of the United States. In this paragraph, “wholly exempt income” does not  
2 include income excludable, not recognized, exempt or deductible under specific  
3 provisions of this chapter. If any expense or amount otherwise deductible is  
4 indirectly related both to wholly exempt income or loss and to other income or loss,  
5 a reasonable proportion of the expense or amount shall be allocated to each type of  
6 income or loss, in light of all the facts and circumstances.

7 **\*-0549/1.2\* SECTION 1742.** 71.28 (1dj) (am) 3. of the statutes is amended to  
8 read:

9 71.28 (1dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)  
10 of the internal revenue code to allow certification within the 90-day period beginning  
11 with the first day of employment of the employe ~~by the claimant.~~

12 **\*-0550/1.2\* SECTION 1743.** 71.28 (1dx) (b) 4. of the statutes is amended to read:

13 71.28 (1dx) (b) 4. The amount determined by multiplying the amount  
14 determined under s. 560.785 (1) ~~(b)~~ (bm) by the number of full-time jobs retained,  
15 as provided in the rules under s. 560.785, excluding jobs for which a credit has been  
16 claimed under sub. (1dj), in ~~a~~ an enterprise development zone under s. 560.797 and  
17 filled by a member of a targeted group for which significant capital investment was  
18 made and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

19 **\*-1785/1.7\* SECTION 1744.** 71.28 (2) of the statutes is amended to read:

20 71.28 (2) FARMLAND PRESERVATION CREDIT, FARMLAND PRESERVATION ACREAGE  
21 CREDIT The farmland preservation credit and the farmland preservation acreage  
22 credit under subch. IX may be claimed against taxes otherwise due subject to the  
23 provisions, requirements and conditions of that subchapter.

24 **\*-1837/5.19\* SECTION 1745.** 71.28 (4) (a) of the statutes is amended to read:



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1           71.28 (4) (a) *Credit*. Any corporation may credit against taxes otherwise due  
2 under this chapter an amount equal to 5% of the amount obtained by subtracting  
3 from the corporation's qualified research expenses, as defined in section 41 of the  
4 internal revenue code, except that "qualified research expenses" includes only  
5 expenses incurred by the claimant, incurred for research conducted in this state for  
6 the taxable year, except that a taxpayer may elect the alternative computation under  
7 section 41 (c) (4) of the Internal Revenue Code and that election applies until the  
8 department permits its revocation and except that "qualified research expenses"  
9 does not include compensation used in computing the credit under subs. (1dj) and  
10 (1dx), the corporation's base amount, as defined in section 41 (c) of the internal  
11 revenue code, except that gross receipts used in calculating the base amount means  
12 gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. and,  
13 (d), (dc), (dg), (dn) and (dr). Section 41 (h) of the internal revenue code does not apply  
14 to the credit under this paragraph.

15           \*~~1837/5.20~~\* **SECTION 1746.** 71.28 (4) (am) 1. of the statutes is amended to  
16 read:

17           71.28 (4) (am) *Development zone additional research credit*. 1. In addition to  
18 the credit under par. (a), any corporation may credit against taxes otherwise due  
19 under this chapter an amount equal to 5% of the amount obtained by subtracting  
20 from the corporation's qualified research expenses, as defined in section 41 of the  
21 internal revenue code, except that "qualified research expenses" include only  
22 expenses incurred by the claimant in a development zone under subch. VI of ch. 560,  
23 except that a taxpayer may elect the alternative computation under section 41 (c) (4)  
24 of the Internal Revenue Code and that election applies until the department permits  
25 its revocation and except that "qualified research expenses" do not include

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1 compensation used in computing the credit under sub. (1dj) nor research expenses  
2 incurred before the claimant is certified for tax benefits under s. 560.765 (3), the  
3 corporation's base amount, as defined in section 41 (c) of the internal revenue code,  
4 in a development zone, except that gross receipts used in calculating the base amount  
5 means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and  
6 2. ~~and, (d), (dc), (dg), (dn) and (dr)~~ and research expenses used in calculating the base  
7 amount include research expenses incurred before the claimant is certified for tax  
8 benefits under s. 560.765 (3), in a development zone, if the claimant submits with the  
9 claimant's return a copy of the claimant's certification for tax benefits under s.  
10 560.765 (3) and a statement from the department of commerce verifying the  
11 claimant's qualified research expenses for research conducted exclusively in a  
12 development zone. The rules under s. 73.03 (35) apply to the credit under this  
13 subdivision. The rules under sub. (1di) (f) and (g) as they apply to the credit under  
14 that subsection apply to claims under this subdivision. Section 41 (h) of the internal  
15 revenue code does not apply to the credit under this subdivision.

16 **\*-1689/4.8\* SECTION 1747.** 71.29 (2) of the statutes is amended to read:

17 71.29 (2) WHO SHALL PAY. ~~Every~~ Except as provided in s. 71.255 (8), a  
18 corporation subject to tax under s. 71.23 (1) or (2) and every virtually exempt entity  
19 subject to tax under s. 71.125 or 71.23 (1) or (2) shall pay an estimated tax.

20 **\*-1785/1.8\* SECTION 1748.** 71.30 (3) (f) of the statutes is amended to read:

21 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28  
22 (1fd), farmland preservation credit and farmland preservation acreage credit under  
23 subch. IX, farmland tax relief credit under s. 71.28 (2m) and estimated tax payments  
24 under s. 71.29.

25 **\*-1689/4.9\* SECTION 1749.** 71.44 (1) (e) of the statutes is created to read:

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1           71.44 (1) (e) A corporation that is a member of an affiliated group, as defined  
2           in s. 71.255 (1) (a), and engaged in a unitary business, as defined in s. 71.255 (1) (g),  
3           shall file a tax return under s. 71.255.

4           \***-1837/5.21\*** SECTION 1750. 71.45 (3) (intro.) of the statutes is amended to  
5           read:

6           71.45 (3) APPORTIONMENT. (intro.) With Except as provided in pars. (a) and (b),  
7           with respect to domestic insurers not engaged in the sale of life insurance but which,  
8           in the taxable year, have collected premiums written on subjects of insurance  
9           resident, located or to be performed outside this state, there shall be subtracted from  
10          the net income figure derived by application of sub. (2) (a) to arrive at Wisconsin  
11          income constituting the measure of the franchise tax an amount calculated by  
12          multiplying such adjusted federal taxable income by the arithmetic average of the  
13          following 2 percentages:

14          \***-1837/5.22\*** SECTION 1751. 71.45 (3) (a) of the statutes is amended to read:

15          71.45 (3) (a) The percentage of total premiums written on all property and risks  
16          other than life insurance, wherever located during the taxable year, as reflects  
17          premiums written on insurance, other than life insurance, where the subject of  
18          insurance was resident, located or to be performed outside this state. For taxable  
19          years beginning after December 31, 1999, the premiums percentage under this  
20          paragraph is the only percentage applied to the apportionment calculations in this  
21          paragraph and in sub. (3m).

22          \***-1837/5.23\*** SECTION 1752. 71.45 (3) (b) of the statutes is renumbered 71.45  
23          (3) (b) 1. and amended to read:

24          71.45 (3) (b) 1. The percentage of total payroll, exclusive of life insurance  
25          payroll, paid everywhere in the taxable year as reflects such compensation paid

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1 outside this state. The payroll percentage under this paragraph does not apply to  
2 the apportionment calculations under this paragraph and under sub. (3m) for  
3 taxable years beginning after December 31, 1999.

4 2. Compensation is paid outside this state if the individual's service is  
5 performed entirely outside this state; or the individual's service is performed both  
6 within and without this state, but the service performed within is incidental to the  
7 individual's service without this state; or some service is performed without this  
8 state and the base of operations, or if there is no base of operations, the place from  
9 which the service is directed or controlled is without this state, or the base of  
10 operations or the place from which the service is directed or controlled is not in any  
11 state in which some part of the service is performed, but the individual's residence  
12 is outside this state.

13 \*-1837/5.24\* SECTION 1753. 71.45 (3m) of the statutes is amended to read:

14 71.45 (3m) ARITHMETIC AVERAGE. The Except as provided in pars. (a) and (b),  
15 the arithmetic average of the 2 percentages referred to in sub. (3) shall be applied to  
16 the net income figure arrived at by the successive application of sub. (2) (a) and (b)  
17 with respect to Wisconsin insurers to which sub. (2) (a) and (b) applies and which  
18 have collected premiums written upon insurance, other than life insurance, where  
19 the subject of such insurance was resident, located or to be performed outside this  
20 state, to arrive at Wisconsin income constituting the measure of the franchise tax.

21 \*-1689/4.10\* SECTION 1754. 71.46 (3) of the statutes is repealed.

22 \*-0549/1.3\* SECTION 1755. 71.47 (1dj) (am) 3. of the statutes is amended to  
23 read:

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1           71.47 (1dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)  
2 of the internal revenue code to allow certification within the 90-day period beginning  
3 with the first day of employment of the employe ~~by the claimant.~~

4           \*~~0550/1.3~~\* **SECTION 1756.** 71.47 (1dx) (b) 4. of the statutes is amended to read:

5           71.47 (1dx) (b) 4. The amount determined by multiplying the amount  
6 determined under s. 560.785 (1) ~~(b)~~ (bm) by the number of full-time jobs retained,  
7 as provided in the rules under s. 560.785, excluding jobs for which a credit has been  
8 claimed under sub. (1dj), in a an enterprise development zone under s. 560.797 and  
9 filled by a member of a targeted group for which significant capital investment was  
10 made and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

11           \*~~1785/1.9~~\* **SECTION 1757.** 71.47 (2) of the statutes is amended to read:

12           71.47 (2) FARMLAND PRESERVATION CREDIT, FARMLAND PRESERVATION ACREAGE  
13 CREDIT. The farmland preservation credit and the farmland preservation acreage  
14 credit under subch. IX may be claimed against taxes otherwise due.

15           \*~~1837/5.25~~\* **SECTION 1758.** 71.47 (4) (a) of the statutes is amended to read:

16           71.47 (4) (a) *Credit.* Any corporation may credit against taxes otherwise due  
17 under this chapter an amount equal to 5% of the amount obtained by subtracting  
18 from the corporation's qualified research expenses, as defined in section 41 of the  
19 internal revenue code, except that "qualified research expenses" includes only  
20 expenses incurred by the claimant, incurred for research conducted in this state for  
21 the taxable year, except that a taxpayer may elect the alternative computation under  
22 section 41 (c) (4) of the Internal Revenue Code and that election applies until the  
23 department permits its revocation and except that "qualified research expenses"  
24 does not include compensation used in computing the credit under subs. (1dj) and  
25 (1dx), the corporation's base amount, as defined in section 41 (c) of the internal

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1 revenue code, except that gross receipts used in calculating the base amount means  
2 gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. ~~and,~~  
3 ~~(d), (dc), (dg), (dn) and (dr)~~. Section 41 (h) of the internal revenue code does not apply  
4 to the credit under this paragraph.

5 ~~\*-1837/5.26\*~~ **SECTION 1759.** 71.47 (4) (am) of the statutes is amended to read:  
6 71.47 (4) (am) *Development zone additional research credit.* In addition to the  
7 credit under par. (a), any corporation may credit against taxes otherwise due under  
8 this chapter an amount equal to 5% of the amount obtained by subtracting from the  
9 corporation's qualified research expenses, as defined in section 41 of the internal  
10 revenue code, except that "qualified research expenses" include only expenses  
11 incurred by the claimant in a development zone under subch. VI of ch. 560, except  
12 that a taxpayer may elect the alternative computation under section 41 (c) (4) of the  
13 Internal Revenue Code and that election applies until the department permits its  
14 revocation and except that "qualified research expenses" do not include  
15 compensation used in computing the credit under sub. (1dj) nor research expenses  
16 incurred before the claimant is certified for tax benefits under s. 560.765 (3), the  
17 corporation's base amount, as defined in section 41 (c) of the internal revenue code,  
18 in a development zone, except that gross receipts used in calculating the base amount  
19 means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and  
20 2. ~~and, (d), (dc), (dg), (dn) and (dr)~~ and research expenses used in calculating the base  
21 amount include research expenses incurred before the claimant is certified for tax  
22 benefits under s. 560.765 (3), in a development zone, if the claimant submits with the  
23 claimant's return a copy of the claimant's certification for tax benefits under s.  
24 560.765 (3) and a statement from the department of commerce verifying the  
25 claimant's qualified research expenses for research conducted exclusively in a

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1 development zone. The rules under s. 73.03 (35) apply to the credit under this  
2 paragraph. The rules under sub. (1di) (f) and (g) as they apply to the credit under  
3 that subsection apply to claims under this paragraph. Section 41 (h) of the internal  
4 revenue code does not apply to the credit under this paragraph. No credit may be  
5 claimed under this paragraph for taxable years that begin on January 1, 1998, or  
6 thereafter. Credits under this paragraph for taxable years that begin before January  
7 1, 1998, may be carried forward to taxable years that begin on January 1, 1998, or  
8 thereafter.

9 **\*-1689/4.11\* SECTION 1760.** 71.48 of the statutes is amended to read:

10 **71.48 Payments of estimated taxes.** Sections Except as provided in s.  
11 71.255 (8), ss. 71.29 and 71.84 (2) shall apply to insurers subject to taxation under  
12 this chapter.

13 **\*-1785/1.10\* SECTION 1761.** 71.49 (1) (f) of the statutes is amended to read:

14 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47  
15 (1fd), farmland preservation credit and farmland preservation acreage credit under  
16 subch. IX, farmland tax relief credit under s. 71.47 (2m) and estimated tax payments  
17 under s. 71.48.

18 **\*-1917/1.30\* SECTION 1762.** 71.54 (1) (d) (intro.) of the statutes is amended to  
19 read:

20 71.54 (1) (d) 1991 and thereafter to 1999. (intro.) The amount of any claim filed  
21 in 1991 ~~and thereafter~~ to 1999 and based on property taxes accrued or rent  
22 constituting property taxes accrued during the previous year is limited as follows:

23 **\*-1917/1.31\* SECTION 1763.** 71.54 (1) (e) of the statutes is created to read:

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1           71.54 (1) (e) *2000 and thereafter*. The amount of any claim filed in 2000 and  
2 thereafter and based on property taxes accrued or rent constituting property taxes  
3 accrued during the previous year is limited as follows:

4           1. If the household income was \$8,000 or less in the year to which the claim  
5 relates, the claim is limited to 80% of the property taxes accrued or rent constituting  
6 property taxes accrued or both in that year on the claimant's homestead.

7           2. If the household income was more than \$8,000 in the year to which the claim  
8 relates, the claim is limited to 80% of the amount by which the property taxes accrued  
9 or rent constituting property taxes accrued or both in that year on the claimant's  
10 homestead exceeds 11.8% of the household income exceeding \$8,000.

11           3. No credit may be allowed if the household income of a claimant exceeds  
12 \$20,290.

13           \***-0494/2.1**\* **SECTION 1764.** 71.54 (2) (a) (intro.) of the statutes is amended to  
14 read:

15           71.54 (2) (a) (intro.) Property taxes accrued or rent constituting property taxes  
16 accrued shall be reduced by one-twelfth for each month or portion of a month for  
17 which the claimant received relief from any county under s. 59.53 (21) equal to or in  
18 excess of \$400, participated in Wisconsin works under s. 49.147 (4) or (5) or 49.148  
19 (1m) or received assistance under s. 49.19, except assistance received:

20           \***-1785/1.11**\* **SECTION 1765.** 71.58 (8) of the statutes is amended to read:

21           71.58 (8) "Property taxes accrued" means property taxes, exclusive of special  
22 assessments, delinquent interest and charges for service, levied on the farmland and  
23 improvements owned by the claimant or any member of the claimant's household in  
24 any calendar year under ch. 70, less the tax credit, if any, afforded in respect of the  
25 property by s. 79.10. "Property taxes accrued" shall not exceed \$6,000 the amount



**BILL****SECTION 1765**

1 described as the maximum excessive property tax in s. 71.60 (1) (a). If farmland is  
2 owned by a tax-option corporation, a limited liability company or by 2 or more  
3 persons or entities as joint tenants, tenants in common or partners or is marital  
4 property or survivorship marital property and one or more such persons, entities or  
5 owners is not a member of the claimant's household, "property taxes accrued" is that  
6 part of property taxes levied on the farmland, reduced by the tax credit under s.  
7 79.10, that reflects the ownership percentage of the claimant and the claimant's  
8 household. For purposes of this subsection, property taxes are "levied" when the tax  
9 roll is delivered to the local treasurer for collection. If farmland is sold during the  
10 calendar year of the levy the "property taxes accrued" for the seller is the amount of  
11 the tax levy, reduced by the tax credit under s. 79.10, prorated to each in the closing  
12 agreement pertaining to the sale of the farmland, except that if the seller does not  
13 reimburse the buyer for any part of those property taxes there are no "property taxes  
14 accrued" for the seller, and the "property taxes accrued" for the buyer is the property  
15 taxes levied on the farmland, reduced by the tax credit under s. 79.10, minus, if the  
16 seller reimburses the buyer for part of the property taxes, the amount prorated to the  
17 seller in the closing agreement. With the claim for credit under this subchapter, the  
18 seller shall submit a copy of the closing agreement and the buyer shall submit a copy  
19 of the closing agreement and a copy of the property tax bill.

20 \***-1785/1.12\*** **SECTION 1766.** 71.59 (1) (a) of the statutes is amended to read:

21 71.59 (1) (a) Subject to the limitations provided in this subchapter and s. 71.80  
22 (3) and (3m), a claimant may claim as a credit against Wisconsin income or franchise  
23 taxes otherwise due, the amount derived under s. 71.60 or the amount derived under  
24 s. 71.605, or both. If the allowable amount of claim exceeds the income or franchise  
25 taxes otherwise due on or measured by the claimant's income or if there are no

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1 Wisconsin income or franchise taxes due on or measured by the claimant's income,  
2 the amount of the claim not used as an offset against income or franchise taxes shall  
3 be certified to the department of administration for payment to the claimant by  
4 check, share draft or other draft drawn on the general fund.

5 **\*-1785/1.13\* SECTION 1767.** 71.59 (1) (b) (intro.) of the statutes is amended to  
6 read:

7 71.59 (1) (b) (intro.) Every claimant under this ~~subchapter~~ section and s. 71.60  
8 shall supply, at the request of the department, in support of the claim, all of the  
9 following:

10 **\*-1785/1.14\* SECTION 1768.** 71.59 (1) (b) 5. of the statutes is created to read:

11 71.59 (1) (b) 5. A copy of a certificate of compliance, issued by the land  
12 conservation committee of each of the counties that have jurisdiction over the  
13 farmland, that certifies that the soil and water standards that apply to the farmland  
14 under s. 92.105 (1), (2) and (3) are being met.

15 **\*-1785/1.15\* SECTION 1769.** 71.59 (1) (c) of the statutes is amended to read:

16 71.59 (1) (c) A farmland preservation agreement submitted under par. (b) 3.  
17 shall contain provisions specified under s. 91.13 (8) including either a provision  
18 requiring farming operations to be conducted in substantial accordance with a soil  
19 and water conservation plan prepared under s. 92.104, 1997 stats., or a provision  
20 requiring farming operations to be conducted in compliance with reasonable soil and  
21 water conservation standards established under s. 92.105.

22 **\*-1785/1.16\* SECTION 1770.** 71.59 (1) (d) (intro.) of the statutes is amended to  
23 read:

24 71.59 (1) (d) (intro.) The certificate of ~~the zoning authority~~ submitted under  
25 par. (b) ~~3.~~ 5. shall certify:

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## SECTION 1771

1           \***-1785/1.17\*** SECTION 1771. 71.59 (1) (d) 1. of the statutes is amended to read:

2           71.59 (1) (d) 1. That the lands are within the boundaries of an agricultural  
3 zoning district which is part of an adopted ordinance meeting the standards of subch.  
4 V of ch. 91 and certified under s. 91.06, 1997 stats.

5           \***-1785/1.18\*** SECTION 1772. 71.59 (2) (intro.) of the statutes is amended to  
6 read:

7           71.59 (2) INELIGIBLE CLAIMS. (intro.) No credit shall be allowed under this  
8 ~~subchapter section and s. 71.60:~~

9           \***-1785/1.19\*** SECTION 1773. 71.59 (2) (b) of the statutes is amended to read:

10          71.59 (2) (b) If a notice of noncompliance with an applicable soil and water  
11 conservation plan under s. 92.104, 1997 stats., is in effect with respect to the  
12 claimant at the time the claim is filed.

13          \***-1785/1.20\*** SECTION 1774. 71.59 (2) (d) of the statutes is amended to read:

14          71.59 (2) (d) For property taxes accrued on farmland zoned for exclusive  
15 agricultural use under an ordinance certified under ~~subch. V of ch. 91 s. 91.06, 1997~~  
16 stats., which is granted a special exception or conditional use permit for a use which  
17 is not an agricultural use, as defined in s. 91.01 (1).

18          \***-1785/1.21\*** SECTION 1775. 71.60 (1) (a) of the statutes is amended to read:

19          71.60 (1) (a) The amount of excessive property taxes shall be computed by  
20 subtracting from property taxes accrued the amount of 7% of the 2nd \$5,000 of  
21 household income plus 9% of the 3rd \$5,000 of household income plus 11% of the 4th  
22 \$5,000 of household income plus 17% of the 5th \$5,000 of household income plus 27%  
23 of the 6th \$5,000 of household income plus 37% of household income in excess of  
24 \$30,000. The maximum excessive property tax which can be utilized is \$6,000 for

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1 claims that are calculated under par. (b) and the maximum excessive property tax  
2 which can be utilized is \$4,000 for claims that are calculated under par. (bm).

3 **\*-1785/1.22\* SECTION 1776.** 71.60 (1) (b) of the statutes is amended to read:

4 71.60 (1) (b) The Except as provided in par. (bm), the credit allowed under s.  
5 71.59 and this subchapter section shall be limited to 90% of the first \$2,000 of  
6 excessive property taxes plus 70% of the 2nd \$2,000 of excessive property taxes plus  
7 50% of the 3rd \$2,000 of excessive property taxes. The maximum credit shall not  
8 exceed \$4,200 for any claimant. The credit for any claimant shall be the greater of  
9 either the credit as calculated under this subchapter as it exists at the end of the year  
10 for which the claim is filed or as it existed on the date on which the farmland became  
11 subject to a current agreement under subch. II ~~or III~~ of ch. 91 or under subch. III of  
12 ch. 91, 1997 stats., using for such calculations household income and property taxes  
13 accrued of the year for which the claim is filed.

14 **\*-1785/1.23\* SECTION 1777.** 71.60 (1) (bm) of the statutes is created to read:

15 71.60 (1) (bm) For new claims that are filed under s. 71.59 and this section that  
16 relate to taxable years beginning after December 31, 2000, the credit allowed shall  
17 be limited to 40% of the first \$2,000 of excessive property taxes plus 60% of the next  
18 \$1,000 of excessive property taxes plus 70% of the next \$1,000 of excessive property  
19 taxes. The maximum credit shall not exceed \$2,100 for any claimant who files a claim  
20 to which this paragraph applies. The credit for any claimant shall be the greater of  
21 either the credit as calculated under this subchapter as it exists at the end of the year  
22 for which the claim is filed or as it existed on the date on which the farmland became  
23 subject to a current certificate that is described in s. 71.59 (1) (b) 5., using for such  
24 calculations household income and property taxes accrued of the year for which the  
25 claim is filed.

**BILL****SECTION 1778**

1           \*~~1785/1.24~~\* **SECTION 1778.** 71.60 (1) (c) 1. to 3. of the statutes are amended  
2 to read:

3           71.60 (1) (c) 1. If the farmland is located in a county which has ~~a certified an~~  
4 agricultural preservation plan certified under subch. IV of ch. 91 s. 91.06, 1997 stats.,  
5 at the close of the year for which credit is claimed and is in an area zoned by a county,  
6 city or village for exclusive agricultural use under ch. 91 at the close of such year, the  
7 amount of the claim shall be that as specified in par. (b).

8           2. If the farmland is subject to a transition area agreement under subch. II of  
9 ch. 91 on July 1 of the year for which credit is claimed, or the claimant had applied  
10 for such an agreement before July 1 of such year and the agreement has subsequently  
11 been executed, and the farmland is located in a city or village which has ~~a certified~~  
12 an exclusive agricultural use zoning ordinance certified under subch. V of ch. 91 s.  
13 91.06, 1997 stats., in effect at the close of the year for which credit is claimed, or in  
14 a town which is subject to a ~~certified~~ county exclusive agricultural use zoning  
15 ordinance certified under subch. V of ch. 91 s. 91.06, 1997 stats., in effect at the close  
16 of the year for which credit is claimed, the amount of the claim shall be that as  
17 specified in par. (b).

18           3. If the claimant or any member of the claimant's household owns farmland  
19 which is ineligible for credit under subd. 1. or 2. but was subject to a farmland  
20 preservation agreement under subch. III of ch. 91, 1997 stats., on July 1 of the year  
21 for which credit is claimed, or the owner had applied for such an agreement before  
22 July 1 of such year and the agreement has subsequently been executed, and if the  
23 owner has applied by the end of the year in which conversion under s. 91.41, 1997  
24 stats., is first possible for conversion of the agreement to a transition area agreement  
25 under subch. II of ch. 91, and the transition area agreement has subsequently been

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1       executed, and the farmland is located in a city or village which has a ~~certified~~ an  
2       exclusive agricultural use zoning ordinance certified under ~~subch. V of ch. 91 s.~~  
3       91.06, 1997 stats., in effect at the close of the year for which credit is claimed, or in  
4       a town which is subject to a ~~certified~~ county exclusive agricultural use zoning  
5       ordinance certified under ~~subch. V of ch. 91 s. 91.06, 1997 stats.~~, in effect at the close  
6       of the year for which credit is claimed, the amount of the claim shall be that specified  
7       in par. (b).

8           \***-1785/1.25\*** SECTION 1779. 71.60 (1) (c) 5. to 8. of the statutes are amended  
9       to read:

10           71.60 (1) (c) 5. If the claimant or any member of the claimant's household owns  
11       farmland which is ineligible for credit under subds. 1. to 4. but was subject to a  
12       farmland preservation agreement under subch. III of ch. 91, 1997 stats., on July 1  
13       of the year for which credit is claimed, or the owner had applied for such an  
14       agreement before July 1 of such year and the agreement has subsequently been  
15       executed, and if the owner has applied by the end of the year in which conversion  
16       under s. 91.41, 1997 stats., is first possible for conversion of the agreement to an  
17       agreement under subch. II of ch. 91, and the agreement under subch. II of ch. 91 has  
18       subsequently been executed, the amount of the claim shall be limited to 80% of that  
19       specified in par. (b).

20           6. If the farmland is located in an agricultural district under a ~~certified~~ county  
21       agricultural preservation plan certified under ~~subch. IV of ch. 91 s. 91.06, 1997 stats.~~,  
22       at the close of the year for which credit is claimed, and is located in an area zoned for  
23       exclusive agricultural use under a ~~certified~~ town ordinance certified under ~~subch. V~~  
24       of ~~ch. 91 s. 91.06, 1997 stats.~~, at the close of such year, the amount of the claim shall  
25       be the amount specified in par. (b).

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## SECTION 1779

1           6m. If the farmland is located in an agricultural district under a ~~certified~~  
2 county agricultural preservation plan certified under ~~subch. IV of ch. 91 s. 91.06,~~  
3 1997 stats., at the close of the year for which credit is claimed, and is located in an  
4 area zoned for exclusive agricultural use under a ~~certified~~ county or town ordinance  
5 certified under ~~subch. V of ch. 91 s. 91.06, 1997 stats.~~, for part of a year but not at  
6 the close of that year because the farmland became subject to a city or village  
7 extraterritorial zoning ordinance under s. 62.23 (7a), the amount of the claim shall  
8 be equal to the amount that the claim would have been under this section if the  
9 farmland were subject to a certified county or town exclusive agricultural use  
10 ordinance at the close of the year.

11           7. If the farmland is located in an area zoned for exclusive agricultural use  
12 under a ~~certified~~ county, city or village ordinance certified under ~~subch. V of ch. 91~~  
13 s. 91.06, 1997 stats., at the close of the year for which credit is claimed, but the county  
14 in which the farmland is located has not adopted an agricultural preservation plan  
15 under subch. IV of ch. 91, 1997 stats., by the close of such year, the amount of the  
16 claim shall be limited to 70% of that specified in par. (b).

17           8. If the farmland is subject to a farmland preservation agreement under subch.  
18 III of ch. 91, 1997 stats., on July 1 of the year for which credit is claimed or the  
19 claimant had applied for such an agreement before July 1 of such year and the  
20 agreement has subsequently been executed, the amount of the claim shall be limited  
21 to 50% of that specified in par. (b).

22           \*~~1785/1.26~~\* SECTION 1780. 71.60 (2) of the statutes is renumbered 71.60 (2)  
23 (a) and amended to read:

24           71.60 (2) (a) If For taxable years beginning before January 1, 2001, if the  
25 farmland is subject to a ~~certified~~ an ordinance certified under ~~subch. V of ch. 91 s.~~

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1 91.06, 1997 stats., or an agreement under subch. II of ch. 91, in effect at the close of  
2 the year for which the credit is claimed, the amount of the claim is 10% of the property  
3 taxes accrued or the amount determined under sub. (1), whichever is greater.

4 **\*-1785/1.27\* SECTION 1781.** 71.60 (2) (b) of the statutes is created to read:

5 71.60 (2) (b) For taxable years beginning after December 31, 2000, if the  
6 farmland is subject to a certificate of compliance that is described under s. 71.59 (1)  
7 (b) 5. and that is in effect at the close of the year for which the credit is claimed, the  
8 amount of the claim is 10% of the property taxes accrued or the amount determined  
9 under sub. (1), whichever is greater.

10 **\*-1785/1.28\* SECTION 1782.** 71.605 of the statutes is created to read:

11 **71.605 Farmland preservation acreage credit. (1) DEFINITIONS.** In this  
12 section:

13 (a) "Development rights" means a holder's nonpossessory interest in farmland  
14 that imposes a limitation or affirmative obligation the purpose of which is to retain  
15 or protect natural, scenic or open space values of farmland, assuring the availability  
16 of farmland for agricultural, forest, wildlife habitat or open space use, protecting  
17 natural resources or maintaining or enhancing air or water quality.

18 (b) "Nonprofit entity" means an entity that is described in section 501 (c) (3) of  
19 the Internal Revenue Code and is exempt from federal income tax under section 501  
20 (a) of the Internal Revenue Code.

21 (c) "Political subdivision" means a city, village, town or county.

22 (2) **CALCULATION.** If the claimant sells, donates or otherwise transfers the  
23 development rights to farmland for which a credit is claimed under this section to the  
24 state or to a political subdivision, or to a nonprofit entity, the credit may be calculated  
25 as follows:



**BILL****SECTION 1782**

1 (a) If farming rights are retained on such farmland, the credit shall be 50 cents  
2 for each acre that the claimant sells, donates or otherwise transfers.

3 (b) If farming rights are not retained on such farmland, the credit shall be 30  
4 cents for each acre that the claimant sells, donates or otherwise transfers.

5 **(3) LIMITATIONS.** (a) If a claimant sells, donates or otherwise transfers  
6 development rights under sub. (2) to a nonprofit entity, the credit under this section  
7 may not be claimed unless the entity enters into a signed agreement with the  
8 department of agriculture, trade and consumer protection that contains all of the  
9 following:

10 1. Standards for the management of the farmland, the development rights to  
11 which are to be acquired.

12 2. A prohibition against using the development rights to the farmland which  
13 are to be acquired as security for any debt unless the department of agriculture, trade  
14 and consumer protection approves the incurring of the debt.

15 3. A clause that any subsequent sale, donation or other transfer of the  
16 development rights to the farmland which are to be acquired is subject to pars. (b)  
17 and (c).

18 (b) The nonprofit entity may subsequently sell, donate or otherwise transfer  
19 the acquired development rights to the farmland to the state or to a city, village, town  
20 or county, or to a 3rd party other than a creditor if the 3rd party is also a nonprofit  
21 entity, except that a sale, donation or transfer to another nonprofit entity may occur  
22 only if all of the following apply:

23 1. The department of agriculture, trade and consumer protection approves the  
24 subsequent sale, donation or transfer.

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1           2. The party to whom the development rights are sold, donated or transferred  
2 enters into a new contract with the department of agriculture, trade and consumer  
3 protection under par. (a).

4           (c) The nonprofit entity may subsequently sell, donate or transfer the acquired  
5 development rights to satisfy a debt or other obligation if the department of  
6 agriculture, trade and consumer protection approves the sale, donation or transfer.

7           (d) The nonprofit entity may subsequently develop the property, with the  
8 written consent of the owner of the property and with the written consent of the  
9 department of agriculture, trade and consumer protection, in a way that retains or  
10 protects natural, scenic or open space values of farmland, assuring the availability  
11 of farmland for agricultural, forest, wildlife habitat or open space use, protecting  
12 natural resources or maintaining or enhancing air or water quality.

13           (e) If the nonprofit entity violates any essential provision of the contract, the  
14 development rights that were acquired shall vest in the state.

15           (f) The instrument conveying the development rights to the nonprofit entity  
16 shall state the interest of the state under par. (e). The contract entered into under  
17 par. (a) and the instrument of conveyance shall be recorded in the office of the register  
18 of deeds of each county in which the farmland is located.

19           (fm) The credit under this section may be claimed only by the person who owns  
20 the farmland when the development rights are initially transferred as described in  
21 sub. (2).

22           (g) The credit under this section may not be claimed until the claimant files  
23 with the register of deeds of each county in which the farmland is located the  
24 certificate that verifies that the development rights to the farmland have been  
25 transferred as described in sub. (2).

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1 (h) Section 71.59 (2) (a) and (e), to the extent that it applies to the credit under  
2 ss. 71.59 and 71.60, applies to the credit under this section.

3 (i) If a claimant sells, donates or otherwise transfers development rights under  
4 sub. (2) to a political subdivision, the political subdivision may develop the farmland  
5 only in a way that is consistent with a comprehensive plan under s. 66.0295.

6 (4) SUNSET. No new claims may be filed under this section for taxable years that  
7 begin after December 31, 2002.

8 **\*-1785/1.29\* SECTION 1783.** 71.61 (6) of the statutes is created to read:

9 71.61 (6) SUNSET. (a) For claims that are filed under s. 71.59 and computed  
10 under s. 71.60 for taxable years that begin after December 31, 2000, based on  
11 property taxes that are accrued in the previous calendar year, ss. 71.59 (1) (b) 3. and  
12 (d) 1. to 4. and 71.60 (1) (c) do not apply.

13 (b) No new claims may be filed under s. 71.59 and computed under s. 71.60 for  
14 taxable years that begin after December 31, 2002.

15 **\*-1917/1.32\* SECTION 1784.** 71.64 (9) (b) of the statutes is renumbered 71.64  
16 (9) (b) (intro.) and amended to read:

17 71.64 (9) (b) (intro.) The department shall from time to time adjust the  
18 withholding tables to reflect any changes in income tax rates, any applicable surtax  
19 or any changes in dollar amounts in s. 71.06 (1), (1m), ~~(1n)~~, ~~(1p)~~ and (2) resulting from  
20 statutory changes, except that the as follows:

21 1. The department may not adjust the withholding tables to reflect the changes  
22 in rates in s. 71.06 (1m) and (2) (c) and (d) and any changes in dollar amounts with  
23 respect to bracket indexing under s. 71.06 (2e), with respect to changes in rates under  
24 s. 71.06 (1m) and (2) (c) and (d), and with respect to standard deduction indexing  
25 under s. 71.05 (22) (ds) for any taxable year that begins before January 1, 2000.

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1           (c) The tables shall account for the working families tax credit under s. 71.07  
2           (5m), subject to s. 71.07 (5m) (e). The tables shall be extended to cover from zero to  
3           10 withholding exemptions, shall assume that the payment of wages in each pay  
4           period will, when multiplied by the number of pay periods in a year, reasonably  
5           reflect the annual wage of the employe from the employer and shall be based on the  
6           further assumption that the annual wage will be reduced for allowable deductions  
7           from gross income. The department may determine the length of the tables and a  
8           reasonable span for each bracket. In preparing the tables the department shall  
9           adjust all withholding amounts not an exact multiple of 10 cents to the next highest  
10          figure that is a multiple of 10 cents. The department shall also provide instructions  
11          with the tables for withholding with respect to quarterly, semiannual and annual pay  
12          periods.

13           \***-1917/1.33\* SECTION 1785.** 71.64 (9) (b) 2. of the statutes is created to read:

14           71.64 (9) (b) 2. The department shall adjust the withholding tables to reflect  
15          the changes in rates in s. 71.06 (1n), (1p) and (2) (e), (f), (g) and (h) and any changes  
16          in dollar amounts with respect to bracket indexing, with respect to changes in rates  
17          under s. 71.06 (1p) and (2) (g) and (h) on July 1, 2000.

18           \***-1917/1.34\* SECTION 1786.** 71.67 (4) (a) of the statutes is amended to read:

19           71.67 (4) (a) The administrator of the lottery division in the department under  
20          ch. 565 shall withhold from any lottery prize of \$2,000 or more an amount determined  
21          by multiplying the amount of the prize by the highest rate applicable to individuals  
22          under s. 71.06 (1) ~~or~~, (1m), (1n) or (1p). The administrator shall deposit the amounts  
23          withheld, on a monthly basis, as would an employer depositing under s. 71.65 (3) (a).

24           \***-1917/1.35\* SECTION 1787.** 71.67 (5) (a) of the statutes is amended to read:

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1           71.67 (5) (a) *Wager winnings*. A person holding a license to sponsor and  
2 manage races under s. 562.05 (1) (b) or (c) shall withhold from the amount of any  
3 payment of pari-mutuel winnings under s. 562.065 (3) (a) or (3m) (a) an amount  
4 determined by multiplying the amount of the payment by the highest rate applicable  
5 to individuals under s. 71.06 (1) (a) to (c) ~~or~~, (1m), (1n) or (1p) if the amount of the  
6 payment is more than \$1,000.

7           \***-0762/1.1\*** **SECTION 1788**. 71.75 (8) of the statutes is amended to read:

8           71.75 (8) A refund payable on the basis of a separate return shall be issued to  
9 the person who filed the return. A refund payable on the basis of a joint return shall  
10 be issued jointly to the persons who filed the return, except that, if a judgment of  
11 divorce under ch. 767 apportions any refund that may be due the formerly married  
12 persons to one of the former spouses, or between the spouses, and if they include with  
13 their income tax return a copy of that portion of the judgment of divorce that relates  
14 to the apportionment of their tax refund, the department shall issue the refund to  
15 the person to whom the refund is awarded under the terms of the judgment of divorce  
16 or the department shall issue one check to each of the former spouses according to  
17 the apportionment terms of the judgment.

18           \***-1689/4.12\*** **SECTION 1789**. 71.84 (2) (a) of the statutes is amended to read:

19           71.84 (2) (a) Except as provided in s. 71.29 (7), in the case of any underpayment  
20 of estimated tax under s. 71.255, 71.29 or 71.48 there shall be added to the aggregate  
21 tax for the taxable year interest at the rate of 12% per year on the amount of the  
22 underpayment for the period of the underpayment. For corporations, except as  
23 provided in par. (b), “period of the underpayment” means the time period from the  
24 due date of the instalment until either the 15th day of the 3rd month beginning after  
25 the end of the taxable year or the date of payment, whichever is earlier. If 90% of the

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1 tax shown on the return is not paid by the 15th day of the 3rd month following the  
2 close of the taxable year, the difference between that amount and the estimated taxes  
3 paid, along with any interest due, shall accrue delinquent interest under s. 71.91 (1)  
4 (a).

5 **\*-1098/3.25\* SECTION 1790.** 71.93 (1) (a) 3. of the statutes is amended to read:

6 71.93 (1) (a) 3. An amount that the department of health and family services  
7 may recover under s. 49.45 (2) (a) 10. or 49.497, if the department of health and  
8 family services has certified the amount under s. 49.85.

9 **\*-2023/1.19\* SECTION 1791.** 73.01 (1) (b) of the statutes is amended to read:

10 73.01 (1) (b) ~~“Small claims” is a matter in which~~ “Summary proceeding” means  
11 a matter in which the amount in controversy, including any penalty, after the  
12 department of revenue takes its final action on the petition for redetermination is  
13 less than ~~\$2,500~~ \$100,000 unless the commission on its own motion determines that  
14 the case not be heard as a ~~small claims case~~ summary proceeding, or unless the  
15 department of revenue ~~determines or a party petitioning for review alleges that the~~  
16 case involves a constitutional issue or alleges that the case has statewide  
17 significance.

18 **\*-2023/1.20\* SECTION 1792.** 73.01 (3) (a) of the statutes is amended to read:

19 73.01 (3) (a) ~~The time and place of meetings and hearings~~ Hearings of the  
20 commission shall be at times designated by the chairperson and held in any of the  
21 following cities: Appleton, Eau Claire, LaCrosse, Madison, Milwaukee and Wausau.  
22 Rooms for hearings outside the city of Madison shall be provided under s. 73.07. All  
23 hearings held in Milwaukee shall be held in the southeast district office of the  
24 department of natural resources. The commission shall maintain permanent  
25 hearing rooms in Madison.

**BILL****SECTION 1793**

1           \*~~2023/1.21~~\* **SECTION 1793.** 73.01 (4) (a) of the statutes is amended to read:

2           73.01 (4) (a) Subject to the provisions for judicial review contained in s. 73.015,  
3           the commission shall be the final authority for the hearing and determination of all  
4           questions of law and fact arising under sub. (5) and s. 72.86 (4), 1985 stats., and ss.  
5           70.11 (21), 70.38 (4) (a), 70.397, 70.64, 70.75, 70.85 and 70.995 (8), s. 76.38 (12) (a),  
6           1993 stats., ss. 76.39 (4) (c), 76.48 (6), 76.91, 77.26 (3), 77.59 (6) (b), 78.01, 78.22,  
7           78.40, 78.555, 139.02, 139.03, 139.06, 139.31, 139.315, 139.33, 139.76 and 139.78,  
8           subch. XIV of ch. 71 and subch. VII of ch. 77. Whenever with respect to a pending  
9           appeal there is filed with the commission a stipulation signed by the department of  
10          revenue and the adverse party, under s. 73.03 (25), agreeing to an affirmance,  
11          modification or reversal of the department's position with respect to some or all of the  
12          issues raised in the appeal, the commission shall enter an order affirming or  
13          modifying in whole or in part, or canceling the assessment appealed from, or allowing  
14          in whole or in part or denying the petitioner's refund claim, as the case may be,  
15          pursuant to and in accordance with the stipulation filed. No responsibility shall  
16          devolve upon the commission, respecting the signing of an order of dismissal as to  
17          any pending appeal settled by the department without the approval of the  
18          commission.

19          \*~~2023/1.22~~\* **SECTION 1794.** 73.01 (4) (am) of the statutes is amended to read:

20          73.01 (4) (am) Whenever it appears to the commission or, in respect to hearings  
21          conducted by one commissioner, to that commissioner that proceedings have been  
22          instituted or maintained by the taxpayer primarily for delay or that the taxpayer's  
23          position in those proceedings is frivolous or groundless, the commission or  
24          commissioner may assess the taxpayer an amount not to exceed ~~\$1,000~~ \$5,000 at the

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1 same time that the deficiency is assessed. Those damages shall be paid upon notice  
2 from the department of revenue and shall be collected as a part of the tax.

3 **\*-2023/1.23\* SECTION 1795.** 73.01 (4) (b) of the statutes is amended to read:

4 73.01 (4) (b) Any matter required to be heard by the commission may be heard  
5 by any member of the commission or its hearing examiner and reported to the  
6 commission, and hearings of matters pending before it shall be assigned to members  
7 of the commission or its hearing examiner by the chairperson. Unless a majority of  
8 the commission decides that the full commission should decide a case, cases other  
9 than ~~small claims cases~~ summary proceedings shall be decided by a panel of 3  
10 members assigned by the chairperson prior to the hearing. If the parties have agreed  
11 to an oral decision, the member or members conducting the hearing may render an  
12 oral decision. Hearings shall be open to the public and all proceedings shall be  
13 conducted in accordance with rules of practice and procedure prescribed by the  
14 commission. ~~Small claims cases, except a commissioner hearing a summary~~  
15 proceeding shall have the same discretion as a judge under s. 802.12 (2) to order the  
16 parties to select a settlement alternative as provided in s. 802.12 (1). Summary  
17 proceedings shall be decided by one commissioner assigned by the chairperson prior  
18 to the hearing.

19 **\*-2023/1.24\* SECTION 1796.** 73.01 (4) (dn) of the statutes is amended to read:

20 73.01 (4) (dn) In connection with the hearing of any matter required to be heard  
21 and decided by the commission, except appeals arising under s. 70.64 or ch. 76, the  
22 chairperson or any member of the commission assigned to hear the matter may, ~~with~~  
23 ~~the consent of the parties,~~ render an oral decision. In ~~small claims cases~~ summary  
24 proceedings, the presiding commissioner, ~~without consent of the parties,~~ either  
25 render an oral decision at the close of the hearing or provide a written decision to all



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1 parties within 2 weeks after the hearing. Decisions in ~~small claims cases~~ summary  
2 proceedings are not precedents. Any party may appeal such oral decision as provided  
3 in s. 73.015. Oral decisions constitute notice for purposes of determining the time  
4 in which appeals may be taken. Provisions of this section or ch. 227 in conflict with  
5 this paragraph do not apply to decisions rendered under this paragraph.

6 **\*-2023/1.25\* SECTION 1797.** 73.01 (4) (e) (intro.) of the statutes is amended to  
7 read:

8 73.01 (4) (e) (intro.) Except as provided in par. (dn), the commission in each case  
9 heard by it shall, irrespective of ch. 227, make a decision in writing accompanied by  
10 findings of fact and conclusions of law. The commission may issue an opinion in  
11 writing in addition to its findings of fact and decision. The decision or order of the  
12 commission shall become final and shall be binding upon the petitioner and upon the  
13 department of revenue for that case unless an appeal is taken from the decision or  
14 order of the commission under s. 73.015. Except in respect to ~~small claims~~ summary  
15 proceedings decisions, if the commission construes a statute adversely to the  
16 contention of the department of revenue:

17 **\*-1186/4.36\* SECTION 1798.** 73.03 (35) of the statutes is amended to read:

18 73.03 (35) To deny a portion of a credit claimed under s. 71.07 (2dd), (2de), (2di),  
19 (2dj), (2dL), (2dr), (2ds) or (2dx), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) or  
20 (4) (am) or 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) or (4) (am) if granting the  
21 full amount claimed would violate ~~the a~~ requirement under s. ~~560.797 (4) (e)~~ 560.785  
22 or would bring the total of the credits granted to that claimant under s. ~~560.797 (4)~~  
23 ~~(e), or the total of the credits granted to that claimant under~~ all of those subsections,  
24 over the limit for that claimant under s. 560.768, 560.795 (2) (b) or 560.797 (5) (b).

25 **\*-0424/1.7\* SECTION 1799.** 73.03 (56) of the statutes is created to read:

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1           73.03 (56) To prepare and submit the report required under s. 66.46 (13).

2           \*~~2105/1.35~~\* **SECTION 1800.** 73.0301 (1) (d) 2. of the statutes is amended to  
3 read:

4           73.0301 (1) (d) 2. A license issued by the department of health and family  
5 services under s. 48.66 (1) (a) to a child welfare agency, group home, shelter care  
6 facility or day care center, as required by s. 48.60, 48.625, 48.65 or 938.22 (7).

7           \*~~2030/2.2~~\* **SECTION 1801.** 73.0305 of the statutes is amended to read:

8           **73.0305 Revenue limits calculations.** The department of revenue shall  
9 ~~annually~~ determine and certify to the state superintendent of public instruction, no  
10 later than the 4th Monday in June, the allowable rate of increase for the limit  
11 imposed under ~~subch. VII of ch. 121 s. 121.91 (2m) (d).~~ For that limit, the allowable  
12 rate of increase is the percentage change in the consumer price index for all urban  
13 consumers, U.S. city average, between the preceding March 31 and the 2nd  
14 preceding March 31, as computed by the federal department of labor.

15           \*~~0775/1.1~~\* **SECTION 1802.** 73.09 (4) (c) of the statutes is amended to read:

16           73.09 (4) (c) Recertification is contingent upon submission of ~~a notarized an~~  
17 application for renewal, ~~at least 60 days before the expiration date of the current~~  
18 ~~ertificate,~~ attesting to the completion of the requirements specified in par. (b).  
19 Persons applying for renewal on the basis of attendance at the meetings called by the  
20 department under s. 73.06 (1) and by meeting continuing education requirements  
21 shall submit a \$20 recertification fee with their applications. The department may,  
22 upon good cause, accept an application for renewal up to one year after the expiration  
23 of the current certificate if the applicant has complied with the requirements  
24 specified in par. (b).

25           \*~~0764/1.1~~\* **SECTION 1803.** 73.13 of the statutes is created to read:

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1           **73.13 Compromising nondelinquent taxes.** (1) In this section, “tax”  
2 means an amount that is owed to this state under s. 66.75 (1m) (f) 3. or ch. 71, 72,  
3 76, 77, 78 or 139, that is not delinquent, and any addition to tax, interest, penalties,  
4 costs or other liability in respect to those amounts.

5           (2) Any taxpayer may petition the department of revenue to compromise the  
6 taxpayer’s taxes including the costs, penalties and interest. The petition shall set  
7 forth a sworn statement of the taxpayer and shall be in a form that the department  
8 prescribes. The department may examine the petitioner under oath concerning the  
9 matter and may require the taxpayer to provide the department with financial  
10 statements and any other information requested by the department that is related  
11 to the petition. If the department finds that the taxpayer is unable to pay the taxes,  
12 costs, penalties and interest in full, the department shall determine the amount that  
13 the taxpayer is able to pay and shall enter an order reducing the taxes, costs,  
14 penalties and interest in accordance with the determination. The order shall provide  
15 that the compromise is effective only if paid within 10 days of the date on which the  
16 order is issued. The department or its collection agents, upon receipt of the order,  
17 shall accept payment in accordance with the order. Upon payment the department  
18 shall credit the unpaid portion of the principal amount of the taxes and make  
19 appropriate record of the unpaid amount of penalties, costs, and interest accrued to  
20 the date of the order. If within 3 years of the date of the compromise order the  
21 department ascertains that the taxpayer has an income or property sufficient to  
22 enable the taxpayer to pay the remainder of the tax including costs, penalties and  
23 interest, the department shall reopen the matter and order the payment in full of the  
24 taxes, costs, penalties and interest. Before the entry of the order, a written notice  
25 shall be given to the taxpayer advising of the intention of the department to reopen

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1 the matter and fixing a time and place for the appearance of the taxpayer if the  
2 taxpayer desires a hearing. Upon entry of the order the department shall make an  
3 appropriate record of the principal amount of the taxes, penalties, costs and interest  
4 ordered to be paid. Such taxes shall be immediately due and payable and shall  
5 thereafter be subject to the interest provided by s. 71.82 (2), as that subsection  
6 applies to delinquent income and franchise taxes under s. 71.82, and to the  
7 delinquent account fee described in s. 73.03 (33m), and the department shall  
8 immediately proceed to collect the taxes together with the unpaid portion of  
9 penalties, costs, and interest accrued to the date of the compromise order and the fee  
10 described in s. 73.03 (33m).

11 \*~~0769/1.1~~\* **SECTION 1804.** 74.41 (1) (intro.) of the statutes is amended to read:

12 74.41 (1) SUBMISSION OF REFUNDED OR RESCINDED TAXES TO DEPARTMENT. (intro.)  
13 By ~~October 1~~ September 15 of each year, the clerk of a taxation district may submit  
14 to the department of revenue, on a form prescribed by the department of revenue, a  
15 listing of all general property taxes on the district's tax roll which, subject to sub. (2),  
16 meet any of the following conditions:

17 \*~~1431/2.1~~\* **SECTION 1805.** 75.105 (3) of the statutes is amended to read:

18 75.105 (3) ADMINISTRATION. Upon the cancellation of all or a portion of real  
19 property taxes under sub. (2), the county treasurer shall execute and provide to the  
20 owner of the property a statement identifying the property for which taxes have been  
21 canceled and shall enter on the tax certificate the date upon which the taxes were  
22 canceled and the amount of taxes canceled. The county treasurer shall charge back  
23 to the taxation district that included the tax-delinquent real property on its tax roll  
24 any or all of the amount of taxes canceled and shall include the amount of taxes  
25 canceled as a special charge in the next tax levy against the taxation district.