

4575/2dn  
JK : King:

D-N

John:

This draft reflects the changes recommended  
by the department of revenue.

JK

Kreye, Joseph

4575

**From:** Koskinen, John  
**Sent:** Tuesday, January 15, 2002 3:21 PM  
**To:** Kreye, Joseph  
**Subject:** DOR Comments on the IRC Update Draft

Could you make the appropriate changes?

From DOR  
Changes for the IRC update draft:

✓ 1. Two changes are needed to sec. 71.22(4)(i) [Bill Section 16, page 15]: On lines 4 and 20, change the underscored 106-544 to 106-554. (This change **must** be made as the public law reference is incorrect)

The remaining changes are **desired**, as the law would read much better with these word changes:

✓ 2. Amend sec. 71.22(4)(p) [Bill Section 23, page 23]: On line 11, add the word "and" before "sections."

✓ 3. Change sec. 71.34(1g)(p) [Bill Section 58, page 73]: On line 17, delete the word "and."

✓ 4. Change sec. 71.34(1g)(q) [Bill Section 59, page 74]: On line 20, delete the word "and."

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-4575/2dn  
JK:kmg:jf

January 16, 2002

John:

This draft reflects the changes recommended by the department of revenue.

Joseph T. Kreye  
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State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4575/2  
JK:kmg:jf

3

Today

DOA:.....Koskinen - Internal Revenue Code update

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

D-N

in 1-16-02

~~500A~~

DON'T  
GEN.

1 AN ACT **relating to:** references to the Internal Revenue Code for income and  
2 franchise tax purposes.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

This bill adopts, for income tax and franchise tax purposes, the changes to the federal Internal Revenue Code made by Public Laws 106-200; 106-230; 106-519; 106-554; 106-573; 107-15; 107-16, excluding the section related to a deduction for higher education expenses; and 107-22.

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

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

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

3 SECTION 1. 71.01 (6) (g) of the statutes is repealed.

SECTION 2. 71.01 (6) (h) of the statutes is ~~amended to read~~

~~amended to read~~  
repealed.

Fix  
Comp. (4)

~~71.01 (6) (h) For taxable years that begin after December 31, 1992, and before January 1, 1994, for natural persons and fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, "Internal Revenue Code" means the federal Internal Revenue Code as amended to December 31, 1992, excluding sections 103, 104, and 110 of P.L. 102-227, and as amended by P.L. 103-66, excluding sections 13101 (a) and (c) 1, 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, and as indirectly affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-280, P.L. 101-508, P.L. 102-90, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13101 (a) and (c) 1, 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the federal Internal Revenue Code enacted after December 31, 1992, do not apply to this paragraph with respect to taxable years beginning after December 31, 1992, and before January 1, 1994, except that changes to the Internal Revenue Code made by P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, apply for Wisconsin purposes at the same time as for federal purposes.~~

SECTION 3. 71.01 (6) (i) of the statutes is amended to read:

1 computing amortization or depreciation, "Internal Revenue Code" means either the  
2 federal Internal Revenue Code as amended to December 31, ~~1999~~ 2000, or the federal  
3 Internal Revenue Code in effect for the taxable year for which the return is filed,  
4 except that property that, under s. 71.02 (2) (d) 12., 1985 stats., is required to be  
5 depreciated for taxable year 1986 under the Internal Revenue Code as amended to  
6 December 31, 1980, shall continue to be depreciated under the Internal Revenue  
7 Code as amended to December 31, 1980.

8 **SECTION 13.** 71.01 (7r) (b) of the statutes is created to read:

9 71.01 (7r) (b) For taxable years that begin after December 31, 2001,  
10 notwithstanding sub. (6), for purposes of computing amortization or depreciation,  
11 "Internal Revenue Code" means either the federal Internal Revenue Code as  
12 amended to December 31, 2001, or the federal Internal Revenue Code in effect for the  
13 taxable year for which the return is filed, except that property that, under s. 71.02  
14 (2) (d) 12., 1985 stats., is required to be depreciated for taxable year 1986 under the  
15 Internal Revenue Code as amended to December 31, 1980, shall continue to be  
16 depreciated under the Internal Revenue Code as amended to December 31, 1980.

17 **SECTION 14.** 71.22 (4) (g) of the statutes is repealed.

18 **SECTION 15.** 71.22 (4) (h) of the statutes is ~~amended to read~~ *repealed.*

*Fix Comp.* ~~19 71.22 (4) (h) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34  
20 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after  
21 December 31, 1992, and before January 1, 1994, means the federal Internal  
22 Revenue Code as amended to December 31, 1992, excluding sections 103, 104, and  
23 110 of P.L. 102-227, and as amended by P.L. 103-66, excluding sections 13101 (a) and  
24 (c) 1, 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L.  
25 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L.~~

1 105-277, and P.L. 106-554, and as indirectly affected in the provisions applicable to  
2 this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803  
3 (d) (2) (B), 805 (d) (2), 812(c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514 and section  
4 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239,  
5 P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L.  
6 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13101 (a) and (c) 1, 13113,  
7 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L. 104-188,  
8 excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277,  
9 and P.L. 106-554. The Internal Revenue Code applies for Wisconsin purposes at the  
10 same time as for federal purposes. Amendments to the federal Internal Revenue  
11 Code enacted after December 31, 1992, do not apply to this paragraph with respect  
12 to taxable years beginning after December 31, 1992, and before January 1, 1994,  
13 except that changes to the Internal Revenue Code made by P.L. 103-66, P.L.  
14 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L.  
15 105-206 and, P.L. 105-277, and P.L. 106-554, and changes that indirectly affect the  
16 provisions applicable to this subchapter made by P.L. 103-66, P.L. 103-465, P.L.  
17 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34/ P.L. 105-206 and, P.L.  
18 105-277, and P.L. 106-554, apply for Wisconsin purposes at the same time as for  
19 federal purposes.

20 **SECTION 16.** 71.22 (4) (i) of the statutes is amended to read:

21 71.22 (4) (i) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34  
22 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after  
23 December 31, 1993, and before January 1, 1995, means the federal Internal  
24 Revenue Code as amended to December 31, 1993, excluding sections 103, 104, and  
25 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d), and

1 purposes at the same time as for federal purposes. Amendments to the federal  
2 Internal Revenue Code enacted after December 31, 2001, do not apply to this  
3 paragraph with respect to taxable years beginning after December 31, 2001.

4 SECTION 25. 71.22 (4m) (e) of the statutes is repealed.

5 SECTION 26. 71.22 (4m) (f) of the statutes is ~~amended to read~~ *repealed.*

*Fix comp.*

6 ~~71.22 (4m) (f) For taxable years that begin after December 31, 1992, and before~~  
7 ~~January 1, 1994, "Internal Revenue Code", for corporations that are subject to a tax~~  
8 ~~on unrelated business income under s. 71.26 (1) (a), means the federal Internal~~  
9 ~~Revenue Code as amended to December 31, 1992, excluding sections 103, 104, and~~  
10 ~~110 of P.L. 102-227, and as amended by P.L. 103-66, excluding sections 13101 (a) and~~  
11 ~~(c) 1, 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L.~~  
12 ~~104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L.~~  
13 ~~105-277, and P.L. 106-554, and as indirectly affected in the provisions applicable to~~  
14 ~~this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L.~~  
15 ~~101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections~~  
16 ~~103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding~~  
17 ~~sections 13101 (a) and (c) 1, 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66,~~  
18 ~~P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L.~~  
19 ~~105-206 and, P.L. 105-277, and P.L. 106-554. The Internal Revenue Code applies~~  
20 ~~for Wisconsin purposes at the same time as for federal purposes. Amendments to the~~  
21 ~~Internal Revenue Code enacted after December 31, 1992, do not apply to this~~  
22 ~~paragraph with respect to taxable years beginning after December 31, 1992, and~~  
23 ~~before January 1, 1994, except that changes to the Internal Revenue Code made by~~  
24 ~~P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L.~~  
25 ~~105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, and changes that~~



1 indirectly affect the provisions applicable to this subchapter made by P.L. 103-66,  
2 P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L.  
3 105-206 and, P.L. 105-277, and P.L. 106-554, apply for Wisconsin purposes at the  
4 same time as for federal purposes.

5 SECTION 27. 71.22 (4m) (g) of the statutes is amended to read:

6 71.22 (4m) (g) For taxable years that begin after December 31, 1993, and  
7 before January 1, 1995, "Internal Revenue Code", for corporations that are subject  
8 to a tax on unrelated business income under s. 71.26 (1) (a), means the federal  
9 Internal Revenue Code as amended to December 31, 1993, excluding sections 103,  
10 104, and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203  
11 (d), and 13215 of P.L. 103-66, and as amended by P.L. 103-296, P.L. 103-337, P.L.  
12 103-465, P.L. 104-7, excluding section 1 of P.L. 104-7, P.L. 104-188, excluding  
13 section 1311 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-34, P.L. 105-206  
14 and, P.L. 105-277, and P.L. 106-554, and as indirectly affected in the provisions  
15 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L.  
16 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,  
17 excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.  
18 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d), and 13215  
19 of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, excluding  
20 section 1 of P.L. 104-7, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L.  
21 104-191, P.L. 104-193, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L.  
22 106-554. The Internal Revenue Code applies for Wisconsin purposes at the same  
23 time as for federal purposes. Amendments to the Internal Revenue Code enacted  
24 after December 31, 1993, do not apply to this paragraph with respect to taxable years  
25 beginning after December 31, 1993, and before January 1, 1995, except that

Fix  
comp

repealed.

SECTION 37. 71.26 (2) (b) 8. of the statutes is amended to read:

~~71.26 (2) (b) 8. For taxable years that begin after December 31, 1992, and before January 1, 1994, for a corporation, conduit or common law trust which qualifies as a regulated investment company, real estate mortgage investment conduit or real estate investment trust under the Internal Revenue Code as amended to December 31, 1992, excluding sections 103, 104, and 110 of P.L. 102-227, and as amended by P.L. 103-66, excluding sections 13101 (a) and (c) 1., 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13101 (a) and (c) 1, 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, "net income" means the federal regulated investment company taxable income, federal real estate mortgage investment conduit taxable income or federal real estate investment trust taxable income of the corporation, conduit or trust as determined under the Internal Revenue Code as amended to December 31, 1992, excluding sections 103, 104, and 110 of P.L. 102-227, and as amended by P.L. 103-66, excluding sections 13101 (a) and (c) 1, 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239,~~

1 P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L.  
2 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13101 (a) and (c) 1., 13113,  
3 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L. 104-188,  
4 excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277,  
5 and P.L. 106-554, except that property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats.,  
6 is required to be depreciated for taxable years 1983 to 1986 under the Internal  
7 Revenue Code as amended to December 31, 1980, shall continue to be depreciated  
8 under the Internal Revenue Code as amended to December 31, 1980, and except that  
9 the appropriate amount shall be added or subtracted to reflect differences between  
10 the depreciation or adjusted basis for federal income tax purposes and the  
11 depreciation or adjusted basis under this chapter of any property disposed of during  
12 the taxable year. The Internal Revenue Code as amended to December 31, 1992,  
13 excluding sections 103, 104, and 110 of P.L. 102-227, and as amended by P.L. 103-66,  
14 excluding sections 13101 (a) and (c) 1, 13113, 13150, 13171, 13174, and 13203 of P.L.  
15 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L.  
16 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, and as indirectly affected  
17 in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.  
18 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L.  
19 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L.  
20 102-486, P.L. 103-66, excluding sections 13101 (a) and (c) 1, 13113, 13150, 13171,  
21 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311  
22 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554,  
23 applies for Wisconsin purposes at the same time as for federal purposes.  
24 Amendments to the Internal Revenue Code enacted after December 31, 1992, do not  
25 apply to this subdivision with respect to taxable years that begin after

1 December 31, 1992, and before January 1, 1994, except that changes to the Internal  
2 Revenue Code made by P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section  
3 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554,  
4 and changes that indirectly affect the provisions applicable to this subchapter made  
5 by P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188,  
6 P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, apply for Wisconsin  
7 purposes at the same time as for federal purposes.

8 **SECTION 38.** 71.26 (2) (b) 9. of the statutes is amended to read:

9 71.26 (2) (b) 9. For taxable years that begin after December 31, 1993, and  
10 before January 1, 1995, for a corporation, conduit or common law trust which  
11 qualifies as a regulated investment company, real estate mortgage investment  
12 conduit or real estate investment trust under the Internal Revenue Code as amended  
13 to December 31, 1993, excluding sections 103, 104, and 110 of P.L. 102-227 and  
14 sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d), and 13215 of P.L. 103-66, and  
15 as amended by P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, excluding  
16 section 1 of P.L. 104-7, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L.  
17 104-191, P.L. 104-193, P.L. 105-34, P.L. 105-206 and, P.L. 105-277, and P.L.  
18 106-554, and as indirectly affected in the provisions applicable to this subchapter  
19 by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179,  
20 P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L.  
21 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150  
22 (d), 13171 (d), 13174, 13203 (d), and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337,  
23 P.L. 103-465, P.L. 104-7, excluding section 1 of P.L. 104-7, P.L. 104-188, excluding  
24 section 1311 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-34, P.L. 105-206  
25 and, P.L. 105-277, and P.L. 106-554, "net income" means the federal regulated

1 SECTION 49. 71.34 (1g) (g) of the statutes is repealed.

*repealed.*

2 SECTION 50. 71.34 (1g) (h) of the statutes is ~~amended to read~~

*Fix comp*

3 ~~71.34 (1g) (h) "Internal Revenue Code" for tax-option corporations, for taxable~~  
4 ~~years that begin after December 31, 1992, and before January 1, 1994, means the~~  
5 ~~federal Internal Revenue Code as amended to December 31, 1992, excluding~~  
6 ~~sections 103, 104 and 110 of P.L. 102-227, and as amended by P.L. 103-66, excluding~~  
7 ~~sections 13101 (a) and (c) 1, 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66,~~  
8 ~~P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L.~~  
9 ~~105-206 and, P.L. 105-277, and P.L. 106-554, and as indirectly affected in the~~  
10 ~~provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647~~  
11 ~~excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2)~~  
12 ~~of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L.~~  
13 ~~101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and~~  
14 ~~110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections~~  
15 ~~13101 (a) and (c) 1, 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L.~~  
16 ~~103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L.~~  
17 ~~105-206 and, P.L. 105-277, and P.L. 106-554, except that section 1366 (f) (relating~~  
18 ~~to pass-through of items to shareholders) is modified by substituting the tax under~~  
19 ~~s. 71.35 for the taxes under sections 1374 and 1375. The Internal Revenue Code~~  
20 ~~applies for Wisconsin purposes at the same time as for federal purposes.~~  
21 ~~Amendments to the federal Internal Revenue Code enacted after~~  
22 ~~December 31, 1992, do not apply to this paragraph with respect to taxable years~~  
23 ~~beginning after December 31, 1992, and before January 1, 1994, except that~~  
24 ~~changes to the Internal Revenue Code made by P.L. 103-66, P.L. 103-465, P.L.~~  
25 ~~104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L.~~

1 ~~105-277, and P.L. 106-554, and changes that indirectly affect the provisions~~  
2 ~~applicable to this subchapter made by P.L. 103-66, P.L. 103-465, P.L. 104-188,~~  
3 ~~excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277,~~  
4 ~~and P.L. 106-554, apply for Wisconsin purposes at the same time as for federal~~  
5 ~~purposes.~~

6 **SECTION 51.** 71.34 (1g) (i) of the statutes is amended to read:

7 71.34 (1g) (i) "Internal Revenue Code" for tax-option corporations, for taxable  
8 years that begin after December 31, 1993, and before January 1, 1995, means the  
9 federal Internal Revenue Code as amended to December 31, 1993, excluding  
10 sections 103, 104, and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d),  
11 13174, 13203 (d), and 13215 of P.L. 103-66, and as amended by P.L. 103-296, P.L.  
12 103-337, P.L. 103-465, P.L. 104-7, excluding section 1 of P.L. 104-7, P.L. 104-188,  
13 excluding section 1311 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-34, P.L.  
14 105-206 and, P.L. 105-277, and P.L. 106-554, and as indirectly affected in the  
15 provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647  
16 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2)  
17 of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L.  
18 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and  
19 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections  
20 13113, 13150 (d), 13171 (d), 13174, 13203 (d), and 13215 of P.L. 103-66, P.L. 103-296,  
21 P.L. 103-337, P.L. 103-465, P.L. 104-7, excluding section 1 of P.L. 104-7, P.L.  
22 104-188, excluding section 1311 of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L.  
23 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, except that section 1366  
24 (f) (relating to pass-through of items to shareholders) is modified by substituting the  
25 tax under s. 71.35 for the taxes under sections 1374 and 1375. The Internal Revenue

1 not required to be changed from the amount allowable on the owner's federal income  
2 tax returns for any year because the property is used in the production of income  
3 subject to taxation under this chapter. If that property was acquired in a transaction  
4 in taxable year 1986 or thereafter in which the adjusted basis of the property in the  
5 hands of the transferee is the same as the adjusted basis of the property in the hands  
6 of the transferor, the Wisconsin adjusted basis of that property on the date of transfer  
7 is the adjusted basis allowable under the Internal Revenue Code as defined for  
8 Wisconsin purposes for the property in the hands of the transferor.

9 SECTION 62. 71.42 (2) (f) of the statutes is repealed.

10 SECTION 63. 71.42 (2) (g) of the statutes is ~~amended to read~~ *repealed,*

*Fix comp* ~~11 71.42 (2) (g) For taxable years that begin after December 31, 1992, and before~~  
12 January 1, 1994, "Internal Revenue Code" means the federal Internal Revenue Code  
13 as amended to December 31, 1992, excluding sections 103, 104, and 110 of P.L.  
14 102-227, and as amended by P.L. 103-66, excluding sections 13101 (a) and (c) 1,  
15 13113, 13150, 13171, 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L. 104-188,  
16 excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and, P.L. 105-277,  
17 and P.L. 106-554, and as indirectly affected by P.L. 99-514, P.L. 100-203, P.L.  
18 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L.  
19 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L.  
20 102-486, P.L. 103-66, excluding sections 13101 (a) and (c) 1, 13113, 13150, 13171,  
21 13174, and 13203 of P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311  
22 of P.L. 104-188, P.L. 105-34, P.L. 105-206 and P.L. 105-277 and, P.L. 105-277, and  
23 P.L. 106-554, except that "Internal Revenue Code" does not include section 847 of the  
24 federal Internal Revenue Code. The Internal Revenue Code applies for Wisconsin  
25 purposes at the same time as for federal purposes. Amendments to the federal

1 Internal Revenue Code enacted after December 31, 1992, do not apply to this  
2 paragraph with respect to taxable years beginning after December 31, 1992, and  
3 before January 1, 1994, except that changes to the Internal Revenue Code made by  
4 P.L. 103-66, P.L. 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L.  
5 105-34, P.L. 105-206 and, P.L. 105-277, and P.L. 106-554, and changes that  
6 indirectly affect the federal Internal Revenue Code made by P.L. 103-66, P.L.  
7 103-465, P.L. 104-188, excluding section 1311 of P.L. 104-188, P.L. 105-34, P.L.  
8 105-206 and, P.L. 105-277, and P.L. 106-554, apply for Wisconsin purposes at the  
9 same time as for federal purposes.

10 **SECTION 64.** 71.42 (2) (h) of the statutes is amended to read:

11 71.42 (2) (h) For taxable years that begin after December 31, 1993, and before  
12 January 1, 1995, "Internal Revenue Code" means the federal Internal Revenue Code  
13 as amended to December 31, 1993 excluding sections 103, 104, and 110 of P.L.  
14 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d), and 13215 of P.L.  
15 103-66, and as amended by P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7,  
16 excluding section 1 of P.L. 104-7, P.L. 104-188, excluding section 1311 of P.L.  
17 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-34, P.L. 105-206 and, P.L. 105-277,  
18 and P.L. 106-554, and as indirectly affected by P.L. 99-514, P.L. 100-203, P.L.  
19 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L.  
20 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L.  
21 102-486 and P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174,  
22 13203 (d), and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.  
23 104-7, excluding section 1 of P.L. 104-7, P.L. 104-188, excluding section 1311 of P.L.  
24 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-34, P.L. 105-206 and, P.L. 105-277,  
25 and P.L. 106-554, except that "Internal Revenue Code" does not include section 847



1 in service by the taxpayer on or after January 1, 1983, but before January 1, 1987,  
2 that, under s. 71.04 (15) (b) and (br), 1985 stats., is required to be depreciated under  
3 the Internal Revenue Code as amended to December 31, 1980, and property first  
4 placed in service in taxable year 1981 or thereafter but before January 1, 1987, that,  
5 under s. 71.04 (15) (bm), 1985 stats., is required to be depreciated under the Internal  
6 Revenue Code as amended to December 31, 1980, shall continue to be depreciated  
7 under the Internal Revenue Code as amended to December 31, 1980.

8 **SECTION 9144. Nonstatutory provisions; revenue.**

9 (1) ADOPTION OF FEDERAL INCOME TAX LAW CHANGES. Changes to the Internal  
10 Revenue Code made by P.L. 106-554 apply to the definitions of the "Internal Revenue  
11 Code" in chapter 71 of the statutes at the time that those changes apply for federal  
12 income tax purposes.

13 **SECTION 9344. Initial applicability; revenue.**

14 (1) DEPRECIATION DEDUCTIONS.

15 (a) The renumbering and amendment of sections 71.01 (7r), 71.26 (3) (y), 71.365  
16 (1m), and 71.45 (2) (a) 13. of the statutes first applies to property placed in service  
17 in taxable years beginning on January 1, 2001.

18 (b) The treatment of sections 71.01 (7r) (b), 71.26 (3) (y) 2., 71.365 (1m) (b), and  
19 71.45 (2) (a) 13. b. of the statutes first applies to property placed in service in taxable  
20 years beginning on January 1, 2002.

21 (END)

4575/3dn

D-N

: King:

John:

This draft reflects the changes suggested  
by Carol Held.

JK

**Kreye, Joseph**

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**From:** Koskinen, John  
**Sent:** Wednesday, January 16, 2002 10:15 AM  
**To:** Kreye, Joseph  
**Subject:** FW: DOR Comments on the IRC Update Draft

4575

Can we accomodate Carol Held on these?

-----Original Message-----

**From:** Gates-Hendrix, Sherrie  
**Sent:** Tuesday, January 15, 2002 5:06 PM  
**To:** Koskinen, John  
**Subject:** RE: DOR Comments on the IRC Update Draft

John -- Apparently there are several other changes -- I just got the email:

Carol Held has identified several other corporate tax sections: 71.22 (4)(h), 71.22(4m)(f), 71.26(2)(b)8, 71.34(1g)(h) and 71.42(2)(g) that are obsolete references to federal law that should be repealed. Tom Reid said that it is not a problem if these sections are not repealed now, but that when we do get rid of them there would also be an individual income tax section, 71.01(6)(h) that would need to go as well.

So these are optional changes that make sense to do, but are not as critical as the things I sent earlier.

-----Original Message-----

**From:** Koskinen, John  
**Sent:** Tuesday, January 15, 2002 4:55 PM  
**To:** Gates-Hendrix, Sherrie  
**Subject:** FW: DOR Comments on the IRC Update Draft

Are there others I am missing here? In any case, once I get a copy back from the LRB I will send it on.

-----Original Message-----

**From:** Kreye, Joseph  
**Sent:** Tuesday, January 15, 2002 3:58 PM  
**To:** Koskinen, John  
**Subject:** RE: DOR Comments on the IRC Update Draft

Can do.

**Joseph T. Kreye**  
Legislative Attorney  
Legislative Reference Bureau  
(608) 266-2263

-----Original Message-----

**From:** Koskinen, John  
**Sent:** Tuesday, January 15, 2002 3:21 PM  
**To:** Kreye, Joseph  
**Subject:** DOR Comments on the IRC Update Draft

Could you make the appropriate changes?

From DOR  
Changes for the IRC update draft:

1. Two changes are needed to sec. 71.22(4)(i) [Bill Section 16, page 15]: On lines 4 and 20, change the underscored 106-544 to 106-554. (This change **must** be made as the public law reference is incorrect)

The remaining changes are **desired**, as the law would read much better with these word changes:

2. Amend sec. 71.22(4)(p) [Bill Section 23, page 23]: On line 11, add the word "and" before "sections."

3. Change sec. 71.34(1g)(p) [Bill Section 58, page 73]: On line 17, delete the word "and."

4. Change sec. 71.34(1g)(q) [Bill Section 59, page 74]: On line 20, delete the word "and."

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-4575/3dn  
.JK:kmg:kjf

January 16, 2002

John:

This draft reflects the changes suggested by Carol Held.

Joseph T. Kreye  
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