

2001 Jr2 DRAFTING REQUEST

Assembly Amendment (AA-AB1)

Received: **03/07/2002**

Received By: **jkreye**

Wanted: **Today**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Shanovich (RR)**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

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Subject: **Tax - miscellaneous**

Extra Copies:

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Pre Topic:

LFB:.....Shanovich (RR) -

Topic:

Omnibus motion: amortization and depreciation provisions under definition of Internal Revenue Code

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 03/07/2002	jdye 03/07/2002	jfrantze 03/07/2002	_____	lrb_docadmin 03/07/2002		
	jkreye 03/08/2002	csicilia 03/08/2002		_____			
/2			kfollet 03/08/2002	_____	lrb_docadmin 03/08/2002	lrb_docadmin 03/08/2002	
				_____	lrb_docadmin 03/08/2002	<i>not ready</i>	

FE Sent For:

<END>

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/1	jkreye	1 3/7 jld	2/3/7	Self 3/7			

FE Sent For:

<END>

but retain the current levy rate limit of 1.5 mills on the levy for all purposes except debt service. Delete the proposed 10% limit on increases in program fees charged students in 2002-03.

E. Wage Claim Liens. Modify the state wage payment and collection law to delete the requirement that a lien of a financial institution that originates before a wage claim lien takes effect takes precedence over the wage claim lien. Require that the change in precedence applies retroactively beginning with wage claim liens filed after February 1, 1998.

F. Earned Income Tax Credit. Utilize TANF funding for the eligible portion of the projected increase in the cost of the EITC in 2002-03 by: (a) providing \$2,960,000 in additional TANF funds in 2002-03; and (b) reducing estimated expenditures from the GPR sum sufficient EITC appropriation by \$2,960,000 in that year. [The TANF funds would be budgeted as FED in DWD and also as PR-S under Shared Revenue and Tax Relief.]

G. Sales Factor of Apportionment Formula. Starting with tax years beginning on or after January 1, 2004, increase the sales factor to represent 55% of the apportionment formula used under the state income and franchise tax to apportion the income of corporations (including insurance companies, financial institutions, and gas, electric and telecommunications utilities), nonresidential individuals, and estate and trusts. Decrease the payroll and property factors to each represent 22.5% of the apportionment formula. [There would be no fiscal effect in the current biennium. However, it is estimated that state income and franchise tax revenues would be reduced by \$4.0 million in 2003-04 and \$8.8 million annually thereafter.]

H. State References to Federal Depreciation Provisions. Delete current law provisions that permit taxpayers to compute amortization or depreciation under the federal Internal Revenue Code in effect for the tax year for which the return is filed and provide that federal amortization and depreciation provisions could be adopted for state tax purposes only after action by the Legislature.

[Change to Bill: \$134,168,700 GPR, \$200,000,000 GPR-REV, -\$200,000,000 GPR-Lapse, \$2,960,000 FED and \$2,960,000 PR]

*Not to be amended
benefit - done.*

**SENATE AMENDMENT 1,
TO 2001 SENATE BILL 246**

November 6, 2001 - Offered by Senator DECKER.

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

2 **1.** Page 12, line 18: delete "either" and substitute "either".

3 **2.** Page 12, line 19: delete the material beginning with "2000" and ending with
4 "filed" on line 20 and substitute "~~, or the federal Internal Revenue Code in effect for~~
5 ~~the taxable year for which the return is filed~~ 2000".

6 **3.** Page 57, line 16: delete "either" and substitute "either".

7 **4.** Page 57, line 16: delete the material beginning with "2000" and ending with
8 "filed" on line 18 and substitute "~~, or the federal Internal Revenue Code in effect for~~
9 ~~the taxable year for which the return is filed~~ 2000".

10 **5.** Page 69, line 8: delete "either" and substitute "either".

11 **6.** Page 69, line 9: delete the material beginning with "2000" and ending with
12 "filed" on line 10 and substitute "~~, or the federal Internal Revenue Code in effect for~~
13 ~~the taxable year for which the return is filed~~ 2000".



State of Wisconsin
2001 - 2002 LEGISLATURE

January 2002 Special Session

LRBb2335/1

JK:.....

TODAY

JLD

LFB:.....Shanovich (RR) – Omnibus motion: amortization and depreciation provisions under definition of Internal Revenue Code

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY BILL 1

m 3-7-02

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

2 1. Page 90, line 9: delete the material beginning with that line and ending on
3 page 91, line 3, and substitute:

4 "SECTION 169b. 71.01 (7r) of the statutes is amended to read:

5 71.01 (7r) Notwithstanding sub. (6), for purposes of computing amortization
6 or depreciation, "Internal Revenue Code" means either the federal Internal Revenue
7 Code as amended to December 31, 1999, or the federal Internal Revenue Code in
8 effect for the taxable year for which the return is filed 2000, except that property that,
9 under s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated for taxable year
10 1986 under the Internal Revenue Code as amended to December 31, 1980, shall

1 continue to be depreciated under the Internal Revenue Code as amended to
2 December 31, 1980.”

History: 1987 a. 312; 1987 a. 411 ss. 6 to 8, 26, 27, 31; 1989 a. 31, 100, 336; 1991 a. 39, 269; 1993 a. 16, 112, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194.

3 **2.** Page 135, line 3: delete the material beginning with that line and ending
4 on page 136, line 4, and substitute:

5 “SECTION 204b. 71.26 (3) (y) of the statutes is amended to read:

6 71.26 (3) (y) A corporation may compute amortization and depreciation under
7 either the federal Internal Revenue Code as amended to December 31, 1999, or the
8 federal Internal Revenue Code in effect for the taxable year for which the return is
9 filed 2000, except that property first placed in service by the taxpayer on or after
10 January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br),
11 1985 stats., is required to be depreciated under the Internal Revenue Code as
12 amended to December 31, 1980, and property first placed in service in taxable year
13 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
14 stats., is required to be depreciated under the Internal Revenue Code as amended
15 to December 31, 1980, shall continue to be depreciated under the Internal Revenue
16 Code as amended to December 31, 1980.”

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428;
1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38.

17 **3.** Page 147, line 4: delete the material beginning with that line and ending
18 on page 149, line 9, and substitute:

19 “SECTION 217b. 71.365 (1m) of the statutes is amended to read:

20 71.365 (1m) TAX-OPTION CORPORATIONS; DEPRECIATION. A tax-option corporation
21 may compute amortization and depreciation under either the federal Internal
22 Revenue Code as amended to December 31, 1999, or the federal Internal Revenue
23 Code in effect for the taxable year for which the return is filed 2000, except that

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

History: 1987 a. 312; 1987 a. 411 ss. 40, 50, 147; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380; 1997 a. 27, 37, 237; 1999 a. 9, 194.

23 **4.** Page 159, line 3: delete the material beginning with that line and ending
24 on page 160, line 7, and substitute:

1 [✓]
 “SECTION 230b. 71.45 (2) (a) 13. of the statutes is amended to read:

2 71.45 (2) (a) 13. By adding or subtracting, as appropriate, the difference
3 between ~~the~~ depreciation deduction under the federal Internal Revenue Code as
4 amended to December 31, 1999 ~~and the depreciation deduction under the federal~~
5 ~~Internal Revenue Code in effect for the taxable year for which the return is filed, so~~
6 ~~as to reflect the fact that the insurer may choose between these 2 deductions~~ [✓]2000,
7 except that property first placed in service by the taxpayer on or after
8 January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br),
9 1985 stats., is required to be depreciated under the Internal Revenue Code as
10 amended to December 31, 1980, and property first placed in service in taxable year
11 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
12 stats., is required to be depreciated under the Internal Revenue Code as amended
13 to December 31, 1980, shall continue to be depreciated under the Internal Revenue
14 Code as amended to December 31, 1980.”.

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38.

15 [✓]
 5. Page 458, line 4: delete lines 4 to 10 and substitute:

16 “(1b) DEPRECIATION DEDUCTIONS. [✓]The treatment of sections 71.01 (7r), 71.26 (3)
17 (y), 71.365 (1m),[✓] and 71.45 (2) (a) 13.[✓] of the statutes first applies to property placed
18 in service in taxable years beginning on January 1, 2001.”[✓]

19 (END)



State of Wisconsin
2001 - 2002 LEGISLATURE

January 2002 Special Session

LRBb2335/2
JK:jld&cs:kjf

LFB:.....Shanovich (RR) – Omnibus motion: amortization and depreciation provisions under definition of Internal Revenue Code

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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5 71.01 (7r) Notwithstanding sub. (6), for purposes of computing amortization
6 or depreciation, “Internal Revenue Code” means either the federal Internal Revenue
7 Code as amended to December 31, 1999, or the federal Internal Revenue Code in
8 effect for the taxable year for which the return is filed 2000, except that property that,
9 under s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated for taxable year
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1 continue to be depreciated under the Internal Revenue Code as amended to
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19 of the transferor, the Wisconsin adjusted basis of that property on the date of transfer
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21 Wisconsin purposes for the property in the hands of the transferor.”.

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18 (END)