

**ASSEMBLY AMENDMENT 40,
TO 2003 SENATE BILL 44**

June 19, 2003 – Offered by Representative BLACK.

1 At the locations indicated, amend the bill, as shown by senate substitute
2 amendment 1, as follows:

3 **1.** Page 195, line 17: increase the dollar amount for fiscal year 2003–04 by
4 \$419,200 and increase the dollar amount for fiscal year 2004–05 by \$410,700 for the
5 purpose of restoring the amount of the enrollment fee for the prescription drug
6 assistance program under section 49.688 (3) (a) of the statutes to the amount
7 specified under section 49.688 (3) (a), 2001 stats.

8 **2.** Page 196, line 2: increase the dollar amount for fiscal year 2003–04 by
9 \$8,327,400 and increase the dollar amount for fiscal year 2004–05 by \$11,878,600 for
10 the purpose of restoring the amounts of the deductible and copayment for the
11 prescription drug assistance program under section 49.688 (3) (b) 1. and 2. b. and (c)
12 2. of the statutes to the amounts specified under section 49.688 (3) (b) 1. and 2. b. and
13 (c) 2., 2001 stats.

1 **3.** Page 556, line 17: delete the material beginning with that line and ending
2 with page 557, line 8.

3 **4.** Page 557, line 13: delete lines 13 to 17.

4 **5.** Page 604, line 2: after that line insert:

5 “**SECTION 1580cde.** 71.01 (5p) of the statutes is created to read:

6 71.01 **(5p)** “Intangible expenses and costs” includes expenses, losses, and costs
7 for, related to, or directly or indirectly in connection with the direct or indirect
8 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange
9 of, or any other direct or indirect disposition of intangible property to the extent that
10 such expenses, losses, and costs are allowed as deductions or costs to determine
11 federal taxable income under the Internal Revenue Code. For purposes of this
12 subsection, “expenses, losses, and costs” include losses related to or incurred directly
13 or indirectly in connection with discounting transactions; royalty, patent, technical,
14 and copyright fees; licensing fees; and other similar expenses and costs.”.

15 **6.** Page 613, line 14: after that line, before the material inserted by senate
16 amendment 119, insert:

17 “**SECTION 1580dhd.** 71.01 (9b) of the statutes is created to read:

18 71.01 **(9b)** “Related entity” means any person related to a taxpayer as provided
19 under section 267, 318, or 1563 (a) (3) of the Internal Revenue Code during all or a
20 portion of the taxpayer’s taxable year.

21 **SECTION 1580dhd.** 71.05 (6) (a) 21. of the statutes is created to read:

22 71.05 **(6)** (a) 21. Any amount deducted or excluded under the Internal Revenue
23 Code for management and service fees, interest expenses and costs, intangible
24 expenses and costs, and any other expenses and costs directly or indirectly paid,

1 accrued, or incurred to, or in connection directly or indirectly with one or more direct
2 or indirect transactions with, one or more related entities.”.

3 **7.** Page 613, line 22: after that line insert:

4 **“SECTION 1582bb.** 71.22 (3m) of the statutes is created to read:

5 71.22 **(3m)** “Intangible expenses and costs” includes expenses, losses, and costs
6 for, related to, or directly or indirectly in connection with the direct or indirect
7 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange
8 of, or any other direct or indirect disposition of intangible property to the extent that
9 such expenses, losses, and costs are allowed as deductions or costs to determine
10 federal taxable income under the Internal Revenue Code. For purposes of this
11 subsection, “expenses, losses, and costs” include losses related to or incurred directly
12 or indirectly in connection with discounting transactions; royalty, patent, technical,
13 and copyright fees; licensing fees; and other similar expenses and costs.”.

14 **8.** Page 633, line 4: after that line insert:

15 **“SECTION 1582dpp.** 71.22 (9b) of the statutes is created to read:

16 71.22 **(9b)** “Related entity” means any person related to a taxpayer as provided
17 under section 267, 318, or 1563 (a) (3) of the Internal Revenue Code during all or a
18 portion of the taxpayer’s taxable year.

19 **SECTION 1582dpp.** 71.26 (2) (a) of the statutes is renumbered 71.26 (2) (a)
20 (intro.) and amended to read:

21 71.26 **(2)** (a) *Corporations in general.* (intro.) The “net income” of a corporation
22 means the gross income as computed under the Internal Revenue Code as modified
23 under sub. (3) ~~minus~~ and modified as follows:

24 1. Minus the amount of recapture under s. 71.28 (1di) ~~plus.~~

1 2. Plus the amount of credit computed under s. 71.28 (1), (3), (4), and (5) ~~plus.~~

2 3. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di),
3 (1dj), (1dL), (1dm), (1ds), (1dx), and (3g) and not passed through by a partnership,
4 limited liability company, or tax–option corporation that has added that amount to
5 the partnership’s, limited liability company’s, or tax–option corporation’s income
6 under s. 71.21 (4) or 71.34 (1) (g) ~~plus.~~

7 4. Plus the amount of losses from the sale or other disposition of assets the gain
8 from which would be wholly exempt income, as defined in sub. (3) (L), if the assets
9 were sold or otherwise disposed of at a gain and minus deductions, as computed
10 under the Internal Revenue Code as modified under sub. (3), ~~plus.~~

11 5. Plus or minus, as appropriate, an amount equal to the difference between
12 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or
13 otherwise disposed of in a taxable transaction during the taxable year, except as
14 provided in par. (b) and s. 71.45 (2) and (5).

15 **SECTION 1582dpq.** 71.26 (2) (a) 6. of the statutes is created to read:

16 71.26 **(2)** (a) 6. Plus any amount deducted or excluded under the Internal
17 Revenue Code for management and service fees, interest expenses and costs,
18 intangible expenses and costs, and any other expenses and costs directly or indirectly
19 paid, accrued, or incurred to, or in connection directly or indirectly with one or more
20 direct or indirect transactions with, one or more related entities.”.

21 **9.** Page 655, line 6: after that line insert:

22 **“SECTION 1583bb.** 71.34 (1) (j) of the statutes is created to read:

23 71.34 **(1)** (j) An addition shall be made for any amount deducted or excluded
24 under the Internal Revenue Code for management and service fees, interest

1 expenses and costs, intangible expenses and costs, and any other expenses and costs
2 directly or indirectly paid, accrued, or incurred to, or in connection directly or
3 indirectly with one or more direct or indirect transactions with, one or more related
4 entities.”.

5 **10.** Page 665, line 11: after that line insert:

6 “**SECTION 1583d**hb**.** 71.42 (1p) of the statutes is created to read:

7 71.42 (1p) “Intangible expenses and costs” includes expenses, losses, and costs
8 for, related to, or directly or indirectly in connection with the direct or indirect
9 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange
10 of, or any other direct or indirect disposition of intangible property to the extent that
11 such expenses, losses, and costs are allowed as deductions or costs to determine
12 federal taxable income under the Internal Revenue Code. For purposes of this
13 subsection, “expenses, losses, and costs” include losses related to or incurred directly
14 or indirectly in connection with discounting transactions; royalty, patent, technical,
15 and copyright fees; licensing fees; and other similar expenses and costs.”.

16 **11.** Page 674, line 18: after that line insert:

17 “**SECTION 1583d**pe**.** 71.42 (4m) of the statutes is created to read:

18 71.42 (4m) “Related entity” means any person related to a taxpayer as provided
19 under section 267, 318, or 1563 (a) (3) of the Internal Revenue Code during all or a
20 portion of the taxpayer’s taxable year.

21 **SECTION 1583d**pg**.** 71.45 (2) (a) 16. of the statutes is created to read:

22 71.45 (2) (a) 16. By adding to federal taxable income any amount deducted or
23 excluded under the Internal Revenue Code for management and service fees,
24 interest expenses and costs, intangible expenses and costs, and any other expenses

1 and costs directly or indirectly paid, accrued, or incurred to, or in connection directly
2 or indirectly with one or more direct or indirect transactions with, one or more
3 related entities.”.

4 **12.** Page 1136, line 12: delete lines 12 to 18.

5 **13.** Page 1139, line 6: after that line insert:

6 “(2z) PAYMENTS TO RELATED ENTITIES. The treatment of sections 71.01 (5p) and
7 (9b), 71.05 (6) (a) 21., 71.22 (3m) and (9b), 71.34 (1) (j), 71.26 (2) (a) 6., 71.42 (1p) and
8 (4m), and 71.45 (2) (a) 16. of the statutes and the renumbering and amendment of
9 section 71.26 (2) (a) of the statutes first apply to taxable years beginning on January
10 1 of the year in which this subsection takes effect, except that if this subsection takes
11 effect after July 31 this act first applies to taxable years beginning on January 1 of
12 the year following the year in which this subsection takes effect.”.

13 **14.** Page 1147, line 20: delete lines 20 to 22.

14 (END)