

2003 DRAFTING REQUEST

Assembly Amendment (AA-SB44)

Received: **06/18/2003**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Spencer Black (608) 266-7521**

By/Representing: **rich**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

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

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Black@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Payments to related entities

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>
/?	jkreye 06/19/2003						
/1		kgilfoy 06/19/2003	rschluet 06/19/2003		amentkow 06/19/2003	amentkow 06/19/2003	

FE Sent For:

<END>

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1? jkreye

1-6/19
Emg

6-19-3

11 MES 6/19/03

FE Sent For:

<END>

cjs + keif

Kreye, Joseph

From: LRB.Legal
Sent: Thursday, June 12, 2003 2:30 PM
To: Kreye, Joseph; Kennedy, Debora
Subject: FW: drafting request

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

From: Graf, Bill
Sent: Thursday, June 12, 2003 2:25 PM
To: LRB.Legal
Subject: drafting request

Please draft an amendment to SB 44 (in such form as the Assembly receives it from the Senate) to do the following:

1. Delete the Finance Committee's and the Governor's changes to SeniorCare deductibles, enrollment fees and copayments (Item 5, page 320-321 of June, 2003 Fiscal Bureau Summary); and
2. ~~Incorporate the provisions of 2003 Assembly Bill 991 relating to adding payments to related entities to federal taxable income for state income tax and franchise tax purposes.~~

Please feel free to contact me if you have questions or need further information. Thank you.

Bill Graf

Assistant to Rep. Spencer Black

214 North, State Capitol
P.O. Box 8952
Madison, WI 53708
(608) 266-7521

2003

Date (time) needed in 6-19-03

LRB b 0696 11
JK: HMQ: rs (PMA)

BUDGET AMENDMENT

[Not for compile]

See form AMENDMENTS — COMPONENTS & ITEMS.

ASSEMBLY AMENDMENT
TO 2003 SENATE BILL 44

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

#. Page , line :

#. Page 613, line 11:

#. Page , line :

#. Page , line :

#. Page , line :

#. Page , line :

~~SENATE AMENDMENT ,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO 2003 SENATE BILL 44~~

INJECT
1-3

1

~~At the locations indicated, amend the substitute amendment as follows:~~

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✓ 1. Page 604, line 2: after that line insert:
"SECTION 1580cde. 71.01 (5p) of the statutes is created to read:
71.01 (5p) "Intangible expenses and costs" includes expenses, losses, and costs
for, related to, or directly or indirectly in connection with the direct or indirect
acquisition of, use of, maintenance or management of, ownership of, sale of, exchange
of, or any other direct or indirect disposition of intangible property to the extent that
such expenses, losses, and costs are allowed as deductions or costs to determine
federal taxable income under the Internal Revenue Code. For purposes of this
subsection, "expenses, losses, and costs" include losses related to or incurred directly
or indirectly in connection with discounting transactions; royalty, patent, technical,
and copyright fees; licensing fees; and other similar expenses and costs."

before the material inserted by senate amendment 119,

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✓ **2.** Page 613, line 14: after that line insert:

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

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

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

71.05 **(6)** (a) 21. Any amount deducted or excluded under the Internal Revenue Code for management and service fees, interest expenses and costs, intangible expenses and costs, and any other expenses and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or more direct or indirect transactions with, one or more related entities."

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

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

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

✓ **4.** Page 633, line 4: after that line insert:

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

1 71.22 (9b) “Related entity” means any person related to a taxpayer as provided
2 under section 267, 318, or 1563 (a) (3) of the Internal Revenue Code during all or a
3 portion of the taxpayer’s taxable year.

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

6 71.26 (2) (a) *Corporations in general.* (intro.) The “net income” of a corporation
7 means the gross income as computed under the Internal Revenue Code as modified
8 under sub. (3) ~~minus~~ and modified as follows:

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

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

11 3. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di),
12 (1dj), (1dL), (1dm), (1ds), (1dx), and (3g) and not passed through by a partnership,
13 limited liability company, or tax-option corporation that has added that amount to
14 the partnership’s, limited liability company’s, or tax-option corporation’s income
15 under s. 71.21 (4) or 71.34 (1) (g) ~~plus.~~

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

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

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

1 71.26 (2) (a) 6. Plus any amount deducted or excluded under the Internal
2 Revenue Code for management and service fees, interest expenses and costs,
3 intangible expenses and costs, and any other expenses and costs directly or indirectly
4 paid, accrued, or incurred to, or in connection directly or indirectly with one or more
5 direct or indirect transactions with, one or more related entities.”.

6 ✓ **5.** Page 655, line 6: after that line insert:

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

8 71.34 (1) (j) An addition shall be made for any amount deducted or excluded
9 under the Internal Revenue Code for management and service fees, interest
10 expenses and costs, intangible expenses and costs, and any other expenses and costs
11 directly or indirectly paid, accrued, or incurred to, or in connection directly or
12 indirectly with one or more direct or indirect transactions with, one or more related
13 entities.”.

14 ✓ **6.** Page 665, line 11: after that line insert:

15 “**SECTION 1583dhh.** 71.42 (1p) of the statutes is created to read:

16 71.42 (1p) “Intangible expenses and costs” includes expenses, losses, and costs
17 for, related to, or directly or indirectly in connection with the direct or indirect
18 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange
19 of, or any other direct or indirect disposition of intangible property to the extent that
20 such expenses, losses, and costs are allowed as deductions or costs to determine
21 federal taxable income under the Internal Revenue Code. For purposes of this
22 subsection, “expenses, losses, and costs” include losses related to or incurred directly
23 or indirectly in connection with discounting transactions; royalty, patent, technical,
24 and copyright fees; licensing fees; and other similar expenses and costs.”.

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

(INDEX)
1-3



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.



INSERT
1-3

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 1136, line 12: delete lines 12 to 18.

INSERT 5-12 ✓

5 ✓ **6.** Page 1147, line 20: delete lines 20 to 22.

6 (END)

END OF
INSERT
1-3
==

INSERT
5-20 ✓