



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0576/P1
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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

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1 **AN ACT to repeal** 20.566 (2) (am), 20.835 (3) (b), 71.46 (3), 79.10 (1) (b), 79.10 (1)
2 (e), 79.10 (4), 79.10 (7m) (a), 79.10 (9) (b), 79.10 (9) (c) 2. and 79.14; **to renumber**
3 **and amend** 79.10 (9) (c) 1.; **to amend** 20.566 (2) (r), 20.835 (3) (q), 20.835 (3)
4 (s), 41.41 (10) (c) 1., 70.11 (39), 71.07 (9) (b) 5., 71.25 (9) (a), 71.26 (3) (x), 71.26
5 (4), 71.29 (2), 71.44 (1) (a), 71.48, 71.84 (2) (a), 74.09 (3) (b) 3., 79.10 (1m) (b),
6 79.10 (2), 79.10 (5), 79.10 (6m) (a), 79.10 (7m) (b) (title), 79.10 (7m) (b) 1., 79.10
7 (9) (bm), 79.10 (10) (title), 79.10 (10) (a), 79.10 (10) (bm) 1., 79.10 (10) (bm) 2.,
8 79.10 (11) (title), 79.10 (11) (b), 79.10 (11) (c), 79.11 (3) (b) and 565.02 (7); and
9 **to create** 20.835 (3) (bm), 71.255, 71.44 (1) (e) and 77.52 (2) (a) 13. of the
10 statutes; **relating to:** creating a homeowner's property tax credit, eliminating
11 the school levy property tax credit and the lottery and gaming property tax
12 credit, ~~combined tax reporting for income tax and franchise tax purposes,~~
13 increasing the amount of the school property income tax credit, imposing the

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- 1 sales tax on the lease of luxury boxes at sports facilities, claiming the property
2 tax exemption for computers, and making an appropriation.

Analysis by the Legislative Reference Bureau

Property tax credits

Under current law, a property owner in this state may claim a school levy property tax credit from the state based on the fair market value of the property and the property taxes levied by school districts located in the municipality in which the property is located. The amount of the credit is paid from the general fund.

Under current law, a person who owns property in this state that the person uses as a principal dwelling may claim the lottery and gaming property tax credit as a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person's principal dwelling and is paid from the lottery fund.

This bill eliminates the school levy property tax credit and the lottery and gaming property tax credit and creates a homeowner's tax credit. Under the bill, a person who owns property in this state that the person uses as a principal dwelling may claim the homeowner's credit as a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person's principal dwelling, up to a fair market value of \$60,000. The credit is paid from both the general fund, in an amount equal to the amount paid for the school levy property tax credit, and the lottery fund.

School property tax income tax credit

Under current law, a person may claim an income tax credit based on the amount of property taxes or rent paid on the person's principal dwelling. The amount of the credit is equal to 12 percent of the first \$2,500 of property taxes or rent paid on the person's principal dwelling, or, for married persons filing separately, 12 percent of the first \$1,250 of property taxes or rent paid on the person's principal dwelling. Under the bill, with regard to rent paid on a person's principal dwelling, the amount of the credit is equal to 16 percent of the first \$2,500 of rent paid on the person's principal dwelling, or, for married persons filing separately, 16 percent of the first \$1,250 of rent paid on the person's principal dwelling.

Combined reporting Related entities (B) (E)

The bill requires, generally, that business entities under common ownership submit combined tax reports to the Department of Revenue (DOR) for the purpose of determining the income and franchise tax liability of the entities.

Computers

Under current law, computers and certain computer-related equipment are exempt from the property tax imposed on the real and personal property of a business. Under the bill, no property owner may claim the property tax exemption for computers and computer-related equipment unless the property owner is a business that has less than \$5,000,000 in gross receipts, as determined by DOR, in

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the year that is two years prior to the year in which the property owner claims the exemption.

Luxury boxes

Under the bill, the furnishing of luxury boxes, sky boxes, and club seats at a sports facility is subject to a sales tax at the rate of 5 percent of the gross receipts from the furnishing of such boxes and seats.

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 and local*** 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:

1 **SECTION 1.** 20.566 (2) (am) of the statutes is repealed.

2 **SECTION 2.** 20.566 (2) (r) of the statutes is amended to read:

3 20.566 (2) (r) ~~Lottery and gaming~~ Homeowner's tax credit administration.

4 From the lottery fund, the amounts in the schedule for the administration of the
5 ~~lottery and gaming~~ homeowner's tax credit.

6 **SECTION 3.** 20.835 (3) (b) of the statutes is repealed.

7 **SECTION 4.** 20.835 (3) (bm) of the statutes is created to read:

8 20.835 (3) (bm) *Homeowner's tax credit; general fund.* A sum sufficient to make
9 the payments under s. 79.10 (5) and (6m) (c), not to exceed \$469,305,000.

10 **SECTION 5.** 20.835 (3) (q) of the statutes is amended to read:

11 20.835 (3) (q) ~~Lottery and gaming~~ Homeowner's tax credit. From the lottery
12 fund, a sum sufficient to make the payments under s. 79.10 (5) and (6m) (c), not
13 including the amount paid under par. (bm).

14 **SECTION 6.** 20.835 (3) (s) of the statutes is amended to read:

1 20.835 (3) (s) ~~Lottery and gaming~~ Homeowner's tax credit; late applications.

2 From the lottery fund, a sum sufficient to make payments for the ~~lottery and gaming~~
3 homeowner's tax credit under s. 79.10 (10) (bm) and (bn).

4 **SECTION 7.** 41.41 (10) (c) 1. of the statutes is amended to read:

5 41.41 (10) (c) 1. Except as provided in par. (d), on or before each January 31,
6 the department shall pay to the treasurer of each taxation district specified in par.
7 (b), with respect to all land in the Kickapoo valley reserve and all land acquired by
8 the board on or before January 1 of the preceding year, an amount determined by
9 multiplying the estimated value of the land equated to the average level of
10 assessment in the taxation district by the aggregate gross general property tax rate,
11 exclusive of the rate that applies under s. 70.58 ~~and without respect to the school levy~~
12 ~~tax credit under s. 79.10~~, that would apply to the land in that taxation district for that
13 year if it were taxable.

14 **SECTION 8.** 70.11 (39) of the statutes is amended to read:

15 70.11 (39) COMPUTERS. If the owner of the property fulfills the requirements
16 under s. 70.35 and if the property owner is a business that has less than \$5,000,000
17 in gross receipts, as determined by the department of revenue, in the year that is 2
18 years prior to the year in which the owner claims an exemption under this
19 subsection, mainframe computers, minicomputers, personal computers, networked
20 personal computers, servers, terminals, monitors, disk drives, electronic peripheral
21 equipment, tape drives, printers, basic operational programs, systems software, and
22 prewritten software. The exemption under this subsection does not apply to custom
23 software, fax machines, copiers, equipment with embedded computerized
24 components or telephone systems, including equipment that is used to provide
25 telecommunications services, as defined in s. 76.80 (3). For the purposes of s. 79.095,

1 the exemption under this subsection does not apply to property that is otherwise
2 exempt under this chapter.

3 **SECTION 9.** 71.07 (9) (b) 5. of the statutes is amended to read:

4 71.07 (9) (b) 5. For taxable years beginning after December 31, 1999, subject
5 to the limitations under this subsection a claimant may claim as a credit against, but
6 not to exceed the amount of, taxes under s. 71.02, ~~12%~~ 12 percent of the first \$2,500
7 of property taxes or 16 percent of the first \$2,500 of rent constituting property taxes,
8 ~~or 12% except that a married person filing separately may claim 12 percent~~ of the first
9 \$1,250 of property taxes or 16 percent of the first \$1,250 of rent constituting property
10 taxes of a ~~married person filing separately.~~

11 **SECTION 10.** 71.25 (9) (a) of the statutes is amended to read:

12 71.25 (9) (a) The sales factor is a fraction, the numerator of which is the total
13 sales of the taxpayer in this state during the tax period, and the denominator of
14 which is the total sales of the taxpayer everywhere during the tax period. For sales
15 of tangible personal property, the numerator of the sales factor is the sales of the
16 taxpayer during the tax period under par. (b) 1. and 2. plus 50% of the sales of the
17 taxpayer during the tax period under pars. (b) 2m. and 3. and (c). For purposes of
18 determining the numerator of the sales factor for a member of a combined reporting
19 group under s. 71.255 (7), "taxpayer" means the member of a combined reporting
20 group, as defined in s. 71.255 (1) (c), that transferred title to tangible personal
21 property or, for sales other than sales of tangible personal property, that made the
22 sale.

23 **SECTION 11.** 71.255 of the statutes is created to read:

24 **71.255 Combined reporting.** (1) DEFINITIONS. In this section:

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1 (a) "Brother-sister parent corporation" means a parent corporation that is a
2 member of a commonly controlled group, if any members of the commonly controlled
3 group are not connected to the parent corporation by stock ownership or interest
4 ownership as described in par. (d).

5 (b) "Combined report" means a form prescribed by the department that
6 specifies the income of each taxpayer member of a commonly controlled group
7 operating as a unitary business.

8 (c) "Combined reporting group" means the members of a commonly controlled
9 group that are included in a combined report under sub. (2).

10 (d) "Commonly controlled group" means any of the following, but does not
11 include an insurer that is exempt from taxation under s. 71.45 (1):

12 1. A parent corporation and any corporation or chain of corporations that are
13 connected to the parent corporation by direct or indirect ownership by the parent
14 corporation if the parent corporation owns stock representing more than 50 percent
15 of the voting power of at least one of the connected corporations or if the parent
16 corporation or any of the connected corporations owns stock that cumulatively
17 represents more than 50 percent of the voting power of each of the connected
18 corporations.

19 2. Any 2 or more corporations if a common owner directly or indirectly owns
20 stock representing more than 50 percent of the voting power of the corporations or
21 the connected corporations.

22 3. A partnership or limited liability company if a parent corporation or any
23 corporation connected to the parent corporation by common ownership directly or
24 indirectly owns more than a 50 percent interest in the capital and profits of the
25 partnership or limited liability company.

1 4. Any 2 or more corporations if stock representing more than 50 percent of the
2 voting power in each corporation are interests that cannot be separately transferred.

3 5. Any 2 or more corporations if stock representing more than 50 percent of the
4 voting power in each corporation is directly owned by, or for the benefit of, family
5 members. In this subdivision, “family member” means an individual related by
6 blood, marriage, or adoption within the 2nd degree of kinship as computed under s.
7 852.03 (2), 1995 stats., or the spouse of such an individual.

8 6. A corporation, partnership, or limited liability company if a parent
9 corporation or any corporation connected to the parent corporation by common
10 ownership does not hold more than a 50 percent ownership interest in the
11 corporation, partnership, or limited liability company but effectively controls the
12 corporation, partnership, or limited liability company.

13 (e) “Designated agent” means the taxpayer member of a commonly controlled
14 group who files a group return on behalf of the taxpayer members of a combined
15 reporting group.

16 (f) “Group return” means a tax return filed on behalf of the taxpayer members
17 of a combined reporting group.

18 (g) “Intercompany transaction” means a transaction between corporations,
19 partnerships, or limited liability companies that become members of the same
20 combined reporting group immediately after the transaction.

21 (h) “Partnership” means any entity considered a partnership under section
22 7701 of the Internal Revenue Code.

23 (i) “Separate return” means a return filed by a corporation, regardless of
24 whether the corporation is a member of a combined reporting group or is required
25 to file a tax return under s. 71.24 or 71.44.

1 (j) "Taxpayer member" means a corporation that is subject to tax under s. 71.23
2 (1) or (2) or 71.43, that is a member of a combined reporting group, and that files a
3 combined report under this section.

4 (k) "Top tier corporation" means a member of a commonly controlled group that
5 is not connected with a parent corporation by stock ownership or interest ownership
6 as described in par. (d), is a parent corporation, or is a brother-sister parent
7 corporation, regardless of whether it is doing business in this state or deriving
8 income from sources in this state, and regardless of whether its income and
9 apportionment factors are excluded from a combined report filed under this section.

10 (L) "Unitary business" includes the business activities or operations of an
11 entity that are of mutual benefit to, integrated with, or dependent upon or that
12 contribute to activities of at least one other entity, including transactions that serve
13 an operational function, as determined by the department. Two or more businesses
14 are presumed to be a unitary business if the businesses have unity of ownership,
15 operation, and use as indicated by centralized management or a centralized
16 executive force; centralized purchasing, advertising, or accounting; intercorporate
17 sales or leases; intercorporate services; intercorporate debts; intercorporate use of
18 proprietary materials; interlocking directorates; or interlocking corporate officers.

19 (2) CORPORATIONS REQUIRED TO USE COMBINED REPORTING. (a) Except as provided
20 in par. (b), and subject to sub. (6), a corporation that is subject to the tax imposed
21 under s. 71.23 (1) or (2) or 71.43, that is a member of a commonly controlled group,
22 and that is engaged, in whole or in part, in a unitary business with one or more
23 members of the commonly controlled group shall compute the corporation's income
24 attributable to this state by using the income computation under s. 71.26 or 71.45,
25 the apportionment formula under s. 71.25 (6) or 71.45, and the tax credits under s.

1 71.28 or 71.47 of all of the following that are members of the commonly controlled
2 group:

3 1. Any corporation organized or incorporated under the laws of the United
4 States, any state of the United States, the District of Columbia, the Commonwealth
5 of Puerto Rico, any possession of the United States, or any political subdivision of the
6 United States, including corporations under sections 931 to 936 of the Internal
7 Revenue Code.

8 2. Any domestic international sales corporation under sections 991 to 994 of the
9 Internal Revenue Code.

10 3. Any foreign sales corporation under sections 921 to 927 of the Internal
11 Revenue Code.

12 4. Any export trade corporation under sections 970 and 971 of the Internal
13 Revenue Code.

14 5. Any corporation regardless of its place of incorporation if the average of its
15 property factor under s. 71.25 (7) and its payroll factor under s. 71.25 (8), for property
16 and payroll within the United States and computed on an annual basis, is at least
17 20 percent during any part of the taxable year that a corporation is a member of the
18 commonly controlled group.

19 6. Any corporation not described in subds. 1. to 5. to the extent of the
20 corporation's income within the United States and the corporation's property factor
21 under s. 71.25 (7) and payroll factor under s. 71.25 (8) assignable to a location within
22 the United States.

23 (b) A corporation that is subject to the tax imposed under s. 71.23 (1) or (2) or
24 71.43, that is a member of a commonly controlled group, and that is engaged, in whole
25 or in part, in a unitary business with one or more members of the commonly

1 controlled group may, subject to sub. (6), compute the corporation's income
2 attributable to this state by using the income computation under s. 71.26 or 71.45,
3 the apportionment formula under s. 71.25 (6) or 71.45, and the tax credits under s.
4 71.28 or 71.47 of all the members of the commonly controlled group, regardless of the
5 country in which any member of the commonly controlled group is organized or
6 incorporated or conducts business, if all top tier corporations that are members of the
7 commonly controlled group elect under sub. (3) to compute the corporation's income
8 as provided under this paragraph.

9 (3) COMPUTATION ELECTION. (a) A top tier corporation that is a member of a
10 commonly controlled group may elect on the commonly controlled group's behalf, and
11 in the manner prescribed by the department, to compute the income of each
12 corporation that is a member of the commonly controlled group under sub. (2) (b).
13 If more than one member of the commonly controlled group is a top tier corporation,
14 an election under this paragraph is not effective unless all top tier corporations elect
15 on the commonly controlled group's behalf, and in the manner prescribed by the
16 department, to compute income under sub. (2) (b).

17 (b) A top tier corporation shall file an election made under par. (a) with the
18 department before the last day of the taxable year. The top tier corporation shall
19 designate a taxable year that corresponds with the taxable year of any taxpayer
20 member that is subject to the tax imposed under s. 71.23 (1) or (2) or 71.43. If the
21 top tier corporation fails to file the election before the last day of the taxable year
22 designated under this paragraph, all members of the commonly controlled group to
23 which the top tier corporation belongs, including the top tier corporation, shall
24 compute income under sub. (2) (a).

1 (c) Except as provided under par. (d), the members of the commonly controlled
2 group subject to an election under par. (a) shall compute their income under sub. (2)
3 (b) for 7 taxable years, beginning with the taxable year designated under par. (b).
4 Thereafter, the members of the commonly controlled group shall compute their
5 income under sub. (2) (b) for periods of 7 taxable years and until any top tier
6 corporation that is a member of the commonly controlled group notifies the
7 department, in a manner prescribed by the department, before the last day of the last
8 taxable year in any period of 7 taxable years that the top tier corporation is
9 terminating the election under par. (a). A termination under this paragraph takes
10 effect on the first day of the first taxable year beginning after the top tier corporation
11 notifies the department under this paragraph.

12 (d) The department may grant a request by a top tier corporation to terminate
13 an election under par. (a) before the first period of 7 taxable years under par. (c)
14 expires, if the top tier corporation shows good cause for granting the request, as
15 determined by the department and consistent with section 1502 of the Internal
16 Revenue Code.

17 (e) Except as provided in par. (f), if an election by a top tier corporation on behalf
18 of the members of a commonly controlled group under par. (a) is terminated, no top
19 tier corporation may make an election on behalf of the members of the same
20 commonly controlled group until 7 taxable years have elapsed from the day that the
21 termination of the original election took effect.

22 (f) The department may grant a request by a top tier corporation to make an
23 election under par. (a) before the period of 7 taxable years under par. (e) has elapsed,
24 if the top tier corporation shows good cause for granting the request, as determined
25 by the department and consistent with section 1502 of the Internal Revenue Code.

1 (4) ACCOUNTING PERIOD. For purposes of this section, the income computations
2 under ss. 71.26 and 71.45, the apportionment factors under ss. 71.25 and 71.45, and
3 the tax credits under ss. 71.28 and 71.47 of all corporations that are members of a
4 combined reporting group shall be determined by using the same accounting period.
5 If the combined reporting group has a common parent corporation, the accounting
6 period of the common parent corporation shall be used to determine the income, the
7 apportionment factors, and the tax credits of all the corporations that are members
8 of the combined reporting group. If the combined reporting group has no common
9 parent corporation, the income, the apportionment factors, and the tax credits of the
10 combined reporting group shall be determined using the accounting period of the
11 member of the combined reporting group that has the most significant operations on
12 a recurring basis in this state, as determined by the department.

13 (5) FILING RETURNS. (a) *Corporations with the same accounting period.*
14 Corporations that must file a combined report under this section and that have the
15 same accounting period may file a group return, as prescribed by the department,
16 that reports the aggregate state franchise or state income tax liability of all of the
17 members of the combined reporting group. Corporations that are required to file a
18 combined report under this section may file separate returns reporting the
19 respective apportionment of the corporation's state franchise or state income tax
20 liability as determined under sub. (2), if each corporation filing a separate return
21 pays its own apportionment of its state franchise or state income tax liability.

22 (b) *Corporations with different accounting periods.* Corporations that are
23 required to file a combined report and that have different accounting periods shall
24 file separate returns and shall use the actual figures from the corporations' financial
25 records to determine the proper income and income-related computations to convert

1 to a common accounting period. Corporations that are required to file a combined
2 report may use a proportional method to convert income to a common accounting
3 period if the results of the proportional method do not materially misrepresent the
4 income apportioned to this state. The apportionment factors under ss. 71.25 and
5 71.45 and the tax credits under ss. 71.28 and 71.47 shall be computed according to
6 the same method used to compute the income under ss. 71.26 and 71.45 for the
7 common accounting period. If a corporation performs an interim closing of its
8 financial records to compute the income attributable to the common accounting
9 period, the actual figures from the interim closing shall be used to convert the
10 apportionment factors and tax credits to the common accounting period.

11 (c) *Designated agent.* 1. For corporations that are subject to this section and
12 that file a group return under par. (a), the parent corporation of the combined
13 reporting group is the sole designated agent for each member of the combined
14 reporting group including the parent corporation, if the parent corporation is a
15 taxpayer member of the combined reporting group and income of the parent
16 corporation is included on the group return. If the parent corporation is not a
17 taxpayer member or if the parent corporation's income is not included on the group
18 return, the taxpayer members may appoint a taxpayer member to be the designated
19 agent. If the parent corporation of the combined reporting group is not eligible to be
20 the designated agent and no taxpayer member is appointed to be the designated
21 agent, the designated agent is the taxpayer member that has the most significant
22 operations in this state on a recurring basis, as determined by the department. The
23 designated agent, as determined under this subdivision, remains the designated
24 agent until the designated agent is no longer a taxpayer member or until the
25 taxpayer members appoint a different designated agent. If the designated agent

1 changes, the combined reporting group shall notify the department of such a change,
2 in a manner prescribed by the department.

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

1 (d) *Part-year members.* If a corporation becomes a member of a combined
2 reporting group or ceases to be a member of a combined reporting group after the
3 beginning of a common accounting period, the corporation's income shall be
4 apportioned to this state as follows:

5 1. If the corporation is required to file 2 or more short-period federal returns
6 for the common accounting period, the income for the short period in which the
7 corporation was a member of a combined reporting group shall be computed as
8 provided under sub. (2), the corporation shall join in filing a combined report for that
9 short period, and the corporation may join in filing a group return for that short
10 period. The income for the remaining short period shall be reported on a separate
11 return under s. 71.26 or 71.45. If the corporation becomes a member of another
12 combined reporting group in the remaining short period, the corporation's income
13 shall be computed for the remaining short period as provided under sub. (2).

14 2. If the corporation is not required to file short-period federal returns, the
15 corporation shall file a separate return. Income shall be computed as follows:

16 a. As provided under sub. (2) for any period in which the corporation was a
17 member of a combined reporting group.

18 b. As a separate entity under s. 71.26 or 71.45 for any period in which the
19 corporation was not a member of a combined reporting group.

20 (e) *Amended group return.* The election to file a group return under this section
21 applies to an amended group return that includes the same corporations that joined
22 in the filing of the original group return. Under this section, an amended group
23 return shall be filed as follows:

24 1. If an election to file a group return that is in effect for a taxable year is
25 revoked for the taxable year because the combined reporting group that filed the

1 group return is not subject to sub. (2), as determined by the department, the
2 designated agent for the combined reporting group may not file an amended group
3 return. The designated agent and each corporation that joined in filing the group
4 return shall file a separate amended return. To compute the tax due on a separate
5 amended return, a corporation that files a separate amended return shall consider
6 all of the payments, credits, or other amounts, including refunds, that the designated
7 agent allocated to the corporation.

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

13 3. If a corporation erroneously fails to join in the filing of a group return, the
14 designated agent shall file an amended group return that includes the corporation.
15 If a corporation that erroneously fails to join in the filing of a group return has filed
16 a separate return, the corporation shall file an amended separate return that shows
17 no net income, overpayment, or underpayment, and shows that the corporation has
18 joined in the filing of a group return.

19 **(6) INCOME COMPUTATION UNDER COMBINED REPORTING.** For the purposes of sub.
20 (2), income attributable to this state shall be computed as follows:

21 (a) Determine the net income of each member of a combined reporting group
22 under s. 71.26 or 71.45, as appropriate, before deducting net business losses. A
23 member of a combined reporting group may determine its net loss or net income
24 under a method of accounting or an election authorized under s. 71.26 (3) (y), 71.30
25 (1), 71.45 (2) (a) 13., or 71.49 (2), as appropriate, regardless of the accounting method

1 used to determine the net loss or net income of other members of the combined
2 reporting group. After a member establishes an accounting method, or makes any
3 election under this section, the member's net loss or net income shall be consistently
4 determined in the combined report of all members of the combined reporting group
5 and in the group return filed by the taxpayer members or in the separate return filed
6 by the members. If a corporation is engaged in 2 or more trades or businesses that
7 are required to use different apportionment formulas under s. 71.25 or 71.45, the net
8 income for each trade or business shall be computed separately. A unitary business
9 with operations in a foreign country shall compute its net loss or net income as
10 provided by rule by the department.

11 (b) Adjust each member's income, as determined under par. (a), as provided
12 under s. 71.30.

13 (c) From the amount determined under par. (b), subtract intercompany
14 transactions, as provided by rule by the department, such that intercompany
15 accounts of assets, liabilities, equities, income, costs, or expenses are excluded from
16 the income determination to reflect accurately the income, the apportionment
17 factors, and the tax credits in a combined report that is filed under this section. An
18 intercompany transaction includes the following:

19 1. Income or gain from sales, exchanges, contributions, or other transfers of
20 tangible or intangible property from a member of the combined reporting group to
21 another member of the combined reporting group.

22 2. Annual rent paid by a member of the combined reporting group to another
23 member of the combined reporting group.

24 3. Annual license fees or royalties paid by a member of the combined reporting
25 group to another member of the combined reporting group.

1 4. Loans, advances, receivables, and similar items that one member of the
2 combined reporting group owes to another member of the combined reporting group,
3 including interest income and interest expense related to these items.

4 5. Stock or other equity of a member of the combined reporting group that is
5 owned or controlled by another member of the combined reporting group.

6 6. Except as provided by rule by the department, dividends paid out of earnings
7 or profits and paid by a member of the combined reporting group to another member
8 of the combined reporting group.

9 7. Management or service fees paid by a member of the combined reporting
10 group to another member of the combined reporting group.

11 8. Income or expenses allocated or charged by a member of the combined
12 reporting group to another member of the combined reporting group.

13 (d) From the amount determined under par. (c) for each member of a combined
14 reporting group, subtract nonapportionable income, net of related expenses, and add
15 nonapportionable losses, net of related expenses, to determine each member's
16 apportionable net income or apportionable net loss.

17 (e) Compute the apportionment factors under sub. (7) and multiply each
18 member's apportionable net income or apportionable net loss, as determined under
19 par. (d), by the member's apportionment factor as determined under sub. (7).

20 (f) For each corporation, combine the amounts determined under par. (e) for
21 each trade or business.

22 (g) To the amounts determined under par. (f), add each member's
23 nonapportionable income attributable to this state and subtract each member's
24 nonapportionable losses attributable to this state.

1 (h) If the combined reporting group is not filing a group return, combine the
2 amounts determined under par. (g) for all members of the combined reporting group.

3 (i) If the combined reporting group is filing a group return, combine the
4 amounts determined under par. (g) for all members of the combined reporting group
5 that join in filing the group return.

6 (j) From the amount determined under par. (h) or (i), as appropriate, subtract
7 the combined reporting group's net operating loss as determined under sub. (8).

8 **(7) APPORTIONMENT FACTOR COMPUTATION UNDER COMBINED REPORTING.** For the
9 purposes of sub. (2), this state's apportionment factors are determined as follows:

10 (a) 1. Determine the numerator and the denominator of the apportionment
11 factors as determined under s. 71.25 or 71.45, as appropriate, for each member of the
12 combined reporting group, except as provided in subd. 2.

13 2. If a member of a combined reporting group is not subject to the tax imposed
14 under s. 71.23 or 71.43 because it does not have sufficient connection to this state as
15 a separate entity for income or franchise tax purposes, as determined by the
16 department, the numerator of the member's sales factor under s. 71.25 (9) or
17 apportionment factor under s. 71.45 (3) is zero. If a member of a combined reporting
18 group is a corporation engaged in business wholly within this state, as provided
19 under s. 71.25 (4), the numerator and denominator of the member's apportionment
20 factors are the same. If a member of a combined reporting group is not subject to an
21 income or franchise tax as a separate entity in the state to which a sale is attributed,
22 the sale is attributed to this state.

23 (b) Subtract intercompany transactions under sub. (6) (c) from both the
24 numerators and the denominators as determined under par. (a).

1 (c) Add the denominators of the apportionment factors for each member of the
2 combined reporting group, as determined under par. (b), to arrive at the combined
3 denominator.

4 (d) Compute each corporation's apportionment factors by dividing the
5 corporation's numerator as determined under par. (b) by the combined denominator
6 as determined under par. (c).

7 **(8) NET BUSINESS LOSS CARRY-OVER.** (a) For taxable years beginning after
8 December 31, 2004, any net business loss as determined under sub. (6) of a
9 corporation that is a member of a combined reporting group for the taxable year that
10 is not offset against the net income of the other members of the combined reporting
11 group in the same taxable year may be carried forward as provided under s. 71.26
12 (4), except that any net business loss carried forward to a subsequent taxable year
13 may be offset against either the net income of the corporation that incurred the net
14 business loss or the net income of the combined reporting group of which the
15 corporation is a member, in the manner prescribed by rule by the department.

16 (b) A corporation that is a member of a combined reporting group may not carry
17 forward a net business loss from a taxable year beginning before January 1, 2005,
18 if the corporation was not subject to the tax imposed under s. 71.23 or 71.43 for the
19 same taxable year.

20 (c) A corporation that is a member of a combined reporting group and that
21 incurred a Wisconsin net business loss in a taxable year beginning before January
22 1, 2005, that has not been offset against the corporation's net income in subsequent
23 taxable years, may offset the remaining net business loss against the corporation's
24 net income as determined under sub. (6). If the corporation joins in filing a group
25 return under sub. (5) and the corporation's remaining net business loss exceeds the

1 corporation's net income as determined under sub. (6) for the first taxable year
2 beginning after December 31, 2004, that the corporation is subject to this section, the
3 corporation may annually offset up to 20 percent of the remaining net business loss
4 against the net income of the other members of the combined reporting group that
5 join in filing a group return under sub. (5).

6 **(9) NET INCOME OR LOSS FOR CORPORATIONS WITH DIFFERENT ACCOUNTING PERIODS.**

7 If a taxpayer member has a different accounting period than the common accounting
8 period of the combined reporting group, the combined reporting group shall assign
9 the combined report income or loss for the combined reporting group, as determined
10 under sub. (6), proportionally to the number of months in the taxpayer member's
11 taxable year that are wholly or partly within the combined reporting group's common
12 accounting period. The total amount of income or loss assigned to a taxpayer member
13 under this subsection for the portions of the common accounting period that are
14 included in the taxpayer member's taxable period shall be aggregated or netted to
15 determine the taxpayer member's apportionable income.

16 **(10) NET TAX LIABILITY.** (a) A corporation that files a separate return under this
17 section shall determine its net tax liability as follows:

18 1. Multiply the amount determined under sub. (6) (i) for the corporation by the
19 tax rate under s. 71.27 or 71.46, as appropriate.

20 2. From the amount determined under subd. 1., subtract the corporation's tax
21 credits under s. 71.28 or 71.47 based on the corporation's expenses. The corporation
22 may not offset any of its tax credits, or tax credit carry-forwards, against the tax
23 liability of any other member of the combined reporting group to which the
24 corporation belongs.

1 (b) A combined reporting group that files a group return under this section shall
2 determine its net tax liability as follows:

3 1. Multiply the amount determined under sub. (6) (i) for the combined reporting
4 group by the tax rate under s. 71.27 or 71.46, as appropriate.

5 2. From the amount determined under subd. 1., subtract the tax credits under
6 ss. 71.28 and 71.47 for all taxpayer members of the combined reporting group.

7 (11) ESTIMATED TAX PAYMENTS. (a) For the first 2 taxable years that a group
8 return is filed under this section, estimated taxes under ss. 71.29 and 71.48 may be
9 paid on a group basis or on a separate basis. The amount of any separate estimated
10 taxes paid in the first 2 taxable years that a group return is filed shall be credited
11 against the group's tax liability. The designated agent shall notify the department
12 of any estimated taxes paid on a separate basis in the first 2 taxable years that a
13 group return is filed.

14 (b) If a group return is filed for 2 consecutive taxable years, estimated taxes
15 under ss. 71.29 and 71.48 shall be paid on a group basis for each subsequent taxable
16 year until such time as separate returns are filed by the corporations that were
17 members of a combined reporting group that filed group returns under this section.
18 For each taxable year in which combined estimated taxes are paid under this
19 subsection, the department shall consider the combined reporting group filing a
20 group return to be one taxpayer for purposes of computing interest on the
21 underpayment of estimated taxes. If a corporation subject to this section files a
22 separate return in a taxable year following a year in which the corporation joined in
23 filing a group return, the amount of any estimated tax payments made on a group
24 basis for the previous year shall be credited against the tax liability of the corporation

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

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

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

13 (e) If a combined reporting group that will file a group return applies for a
14 refund of estimated taxes under s. 71.29 (3m), the department shall determine the
15 combined reporting group's eligibility for a refund on a group basis.

16 **(12) INTEREST FOR UNDERPAYMENT OF ESTIMATED TAX.** (a) *General.* The amount
17 of interest that is due for an underpayment of estimated taxes under sub. (11) shall
18 be computed as follows:

19 1. For the first year in which a combined reporting group files a group return,
20 the amount of interest that is due for an underpayment of estimated taxes shall be
21 determined by using the aggregate of the tax and income shown on the returns filed
22 by the members of the combined reporting group for the previous year.

23 2. For any year in which a combined reporting group files a group return, the
24 department shall determine if the combined reporting group qualifies for the
25 exception to interest under s. 71.29 (7) (b) by using the aggregate of the amount of

1 the tax liability and the amount of the net income of all members of the combined
2 reporting group.

3 3. For any year in which a combined reporting group files a group return, the
4 department shall determine if the installment provision under s. 71.29 (9) or (10)
5 applies to the combined reporting group by using the aggregate of the amount of the
6 tax liability and the amount of the net income of all members of the combined
7 reporting group.

8 4. For estimated taxes paid under sub. (11) (c), the amount of interest that is
9 due from a member of a combined reporting group for an underpayment of estimated
10 taxes paid by the member shall be determined by using the member's separate items
11 from the group return filed for the previous year and the member's allocated share
12 of the combined estimated tax payments for the current year. The designated agent
13 shall report the member's allocated share of the combined estimated tax payments
14 for the current year to the department, in the manner prescribed by the department.

15 (b) *Entering a group.* If a corporation becomes a member of a combined
16 reporting group during a common accounting period under sub. (4), the combined
17 reporting group shall make the following adjustments to determine the amount of
18 interest that is due for an underpayment of estimated taxes:

19 1. If a corporation becomes a member of a combined reporting group at the
20 beginning of a common accounting period, the combined reporting group shall
21 include with the corresponding items on the group return for the previous common
22 accounting period the separate items shown on the corporation's return for the
23 previous taxable year.

24 2. If a corporation is not a member of a combined reporting group for an entire
25 common accounting period, the combined reporting group shall include with the

1 corresponding items on the group return for the current taxable year the
2 corporation's separate items for that portion of the common accounting period in
3 which the corporation was not a member of the combined reporting group.

4 3. To determine the separate items under subds. 1. and 2., if a corporation is
5 a member of a combined reporting group during a portion of a common accounting
6 period in which the corporation becomes a member of another combined reporting
7 group, the corporation's separate items shall include the separate items that the
8 designated agent of the first combined reporting group attributed to the corporation.

9 (c) *Leaving a group.* If a corporation leaves a combined reporting group during
10 a common accounting period under sub. (4), the combined reporting group shall make
11 the following adjustments to determine the amount of interest that is due for an
12 underpayment of estimated taxes:

13 1. If a corporation leaves a combined reporting group before the first day of a
14 common accounting period, the combined reporting group shall exclude the separate
15 items that the designated agent of the combined reporting group attributed to the
16 corporation for the preceding common accounting period from the corresponding
17 items of the combined reporting group for the preceding common accounting period.

18 2. If a corporation leaves a combined reporting group after the first day of a
19 common accounting period, the combined reporting group shall exclude the separate
20 items that the designated agent of the combined reporting group attributed to the
21 corporation for the common accounting period from the corresponding items of the
22 combined reporting group for the current common accounting period.

23 3. A corporation that leaves a combined reporting group shall use the separate
24 items that the designated agent of the combined reporting group attributed to the
25 corporation to determine the amount of interest that is owed for any underpayment

1 of estimated taxes under sub. (11) for the first taxable year beginning after the day
2 on which the corporation leaves the combined reporting group or, for a corporation
3 that has a different accounting period than the combined reporting group, for the
4 portion of the corporation's separate taxable year that remains after the day on which
5 the corporation leaves the combined reporting group.

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

21 (14) LIABILITY FOR TAX, INTEREST, AND PENALTY. If members of a combined
22 reporting group file a group return, the members of the combined reporting group
23 shall be jointly and severally liable for any combined tax, interest, or penalty. The
24 liability of a member of a combined reporting group for any combined tax, interest,

1 or penalty shall not be reduced by an agreement with another member of the
2 combined reporting group or by an agreement with another person.

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

9 (16) INFORMATION. (a) A member of a commonly controlled group shall retain
10 any information, and provide such information to the department at the
11 department's request, that the department considers necessary to administer this
12 section, including all documents submitted to or obtained from the Internal Revenue
13 Service or other states regarding income and taxing jurisdiction.

14 (b) A member of a commonly controlled group shall identify, at the department's
15 request, the name, job title, and address of the member's principal officers or
16 employees who have substantial knowledge of, and access to, documents that specify
17 the pricing policies, profit centers, cost centers, and methods of allocating income and
18 expenses among cost centers related to the operations of the member.

19 (c) A member of a commonly controlled group shall retain all information
20 provided under par. (a) during any period for which the member's tax liability to this
21 state is subject to adjustment, including any period in which the state may assess
22 additional income or franchise taxes, an appeal of the member's tax assessment is
23 pending, or a suit related to the member's tax liability is pending.

24 (17) CORPORATIONS NOT FILING. If a corporation that is required to report under
25 this section directly or indirectly owns or controls any other corporation, or is directly

1 or indirectly owned or controlled by another corporation, the department may
2 require that such other corporations join in filing a combined report under this
3 section.

4 **SECTION 12.** 71.26 (3) (x) of the statutes is amended to read:

5 71.26 (3) (x) Sections 1501 to 1505, 1551, 1552, 1563 and 1564 (relating to
6 consolidated returns) are excluded, except to the extent that they pertain to
7 intercompany transactions and the carry-forward of net business loss under s.
8 71.255 and except that they are modified so that more than 50 percent ownership is
9 substituted for at least 80 percent ownership.

10 **SECTION 13.** 71.26 (4) of the statutes is amended to read:

11 71.26 (4) NET BUSINESS LOSS CARRY-FORWARD. A corporation, except a tax-option
12 corporation or an insurer to which s. 71.45 (4) applies, may offset against its
13 Wisconsin net business income any Wisconsin net business loss sustained in any of
14 the next 15 preceding taxable years, if the corporation was subject to taxation under
15 this chapter in the taxable year in which the loss was sustained, to the extent not
16 offset by other items of Wisconsin income in the loss year and by Wisconsin net
17 business income of any year between the loss year and the taxable year for which an
18 offset is claimed. For purposes of this subsection Wisconsin net business income or
19 loss shall consist of all the income attributable to the operation of a trade or business
20 in this state, less the business expenses allowed as deductions in computing net
21 income. The Wisconsin net business income or loss of corporations engaged in
22 business within and without the state shall be determined under s. 71.25 (6) and (10)
23 to (12) or 71.255. Nonapportionable losses having a Wisconsin situs under s. 71.25
24 (5) (b) shall be included in Wisconsin net business loss; and nonapportionable income
25 having a Wisconsin situs under s. 71.25 (5) (b), whether taxable or exempt, shall be

1 included in other items of Wisconsin income and Wisconsin net business income for
2 purposes of this subsection.

3 **SECTION 14.** 71.29 (2) of the statutes is amended to read:

4 71.29 (2) WHO SHALL PAY. Every Except as provided in s. 71.255 (11), every
5 corporation subject to tax under s. 71.23 (1) or (2) and every virtually exempt entity
6 subject to tax under s. 71.125 or 71.23 (1) or (2) shall pay an estimated tax.

7 **SECTION 15.** 71.44 (1) (a) of the statutes is amended to read:

8 71.44 (1) (a) Every Except as provided in par. (e), every corporation, except
9 corporations all of whose income is exempt from taxation and except as provided in
10 sub. (1m), shall furnish to the department a true and accurate statement, on or before
11 March 15 of each year, except that returns for fiscal years ending on some other date
12 than December 31 shall be furnished on or before the 15th day of the 3rd month
13 following the close of such fiscal year and except that returns for less than a full
14 taxable year shall be furnished on or before the date applicable for federal income
15 taxes under the internal revenue code, in such manner and form and setting forth
16 such facts as the department deems necessary to enforce this chapter. Every
17 corporation that is required to furnish a statement under this paragraph and that
18 has income that is not taxable under this subchapter shall include with its statement
19 a report that identifies each item of its nontaxable income. The statement shall be
20 subscribed by the president, vice president, treasurer, assistant treasurer, chief
21 accounting officer or any other officer duly authorized so to act. In the case of a return
22 made for a corporation by a fiduciary, the fiduciary shall subscribe the return. The
23 fact that an individual's name is subscribed on the return shall be prima facie
24 evidence that the individual is authorized to subscribe the return on behalf of the
25 corporation.

1 **SECTION 16.** 71.44 (1) (e) of the statutes is created to read:

2 71.44 (1) (e) A corporation that is a member of a commonly controlled group,
3 as defined in s. 71.255 (1) (d), and engaged in a unitary business, as defined in s.
4 71.255 (1) (L), shall file a tax return under s. 71.255.

5 **SECTION 17.** 71.46 (3) of the statutes is repealed.

6 **SECTION 18.** 71.48 of the statutes is amended to read:

7 **71.48 Payments of estimated taxes.** Sections Except as provided in s.
8 71.255 (11), ss. 71.29 and 71.84 (2) shall apply to insurers subject to taxation under
9 this chapter.

10 **SECTION 19.** 71.84 (2) (a) of the statutes is amended to read:

11 71.84 (2) (a) Except as provided in s. 71.29 (7), in the case of any underpayment
12 of estimated tax under s. 71.255 (11), 71.29 or 71.48 there shall be added to the
13 aggregate tax for the taxable year interest at the rate of 12% per year on the amount
14 of the underpayment for the period of the underpayment. For corporations, except
15 as provided in par. (b), “period of the underpayment” means the time period from the
16 due date of the installment until either the 15th day of the 3rd month beginning after
17 the end of the taxable year or the date of payment, whichever is earlier. If 90% of the
18 tax shown on the return is not paid by the 15th day of the 3rd month following the
19 close of the taxable year, the difference between that amount and the estimated taxes
20 paid, along with any interest due, shall accrue delinquent interest under s. 71.91 (1)
21 (a).

22 **SECTION 20.** 74.09 (3) (b) 3. of the statutes is amended to read:

23 74.09 (3) (b) 3. The tax levied on the property by the school district where the
24 property is located minus the credit under s. 79.10 (4) allocable to the property, for

1 the previous year and the current year, and the percentage change in that net tax
2 between those years.

3 **SECTION 21.** 77.52 (2) (a) 13. of the statutes is created to read:

4 77.52 (2) (a) 13. The furnishing of luxury boxes, sky boxes, and club seats at
5 a sports facility, as defined in s. 167.32 (1) (f), for dues, fees, or other considerations,
6 if the sale of admissions to sporting events at the facility is subject to the tax imposed
7 under this section.

8 **SECTION 22.** 79.10 (1) (b) of the statutes is repealed.

9 **SECTION 23.** 79.10 (1) (e) of the statutes is repealed.

10 **SECTION 24.** 79.10 (1m) (b) of the statutes is amended to read:

11 79.10 (1m) (b) Counties and municipalities shall submit to the department of
12 revenue all data related to the ~~lottery and gaming~~ homeowner's tax credit and
13 requested by the department of revenue.

14 **SECTION 25.** 79.10 (2) of the statutes is amended to read:

15 79.10 (2) NOTICE TO MUNICIPALITIES. On or before December 1 of the year
16 preceding the distribution under sub. (7m) (a), the department of revenue shall
17 notify the clerk of each town, village, and city of the estimated fair market value, as
18 determined under sub. (11), to be used to calculate the ~~lottery and gaming~~
19 homeowner's tax credit under sub. (5) ~~and of the amount to be distributed to it under~~
20 ~~sub. (7m) (a) on the following 4th Monday in July. The anticipated receipt of such~~
21 ~~distribution shall not be taken into consideration in determining the tax rate of the~~
22 ~~municipality but shall be applied as tax credits.~~

23 **SECTION 26.** 79.10 (4) of the statutes is repealed.

24 **SECTION 27.** 79.10 (5) of the statutes is amended to read:

1 79.10 (5) ~~LOTTERY AND GAMING~~ HOMEOWNER'S TAX CREDIT. Each municipality
2 shall receive, from the ~~appropriation~~ appropriations under s. 20.835 (3) (bm) and (q),
3 an amount determined by multiplying the school tax rate by the estimated fair
4 market value, ~~not exceeding the value~~ as determined under sub. (11), but not to
5 exceed \$60,000, of every principal dwelling that is located in the municipality and
6 for which a claim for the credit under sub. (9) (bm) is made by the owner of the
7 principal dwelling.

8 **SECTION 28.** 79.10 (6m) (a) of the statutes is amended to read:

9 79.10 (6m) (a) Except as provided in pars. (b) and (c), if the department of
10 administration or the department of revenue determines by October 1 of the year of
11 any distribution under ~~subs. (4) and~~ sub. (5) that there was an overpayment or
12 underpayment made in that year's distribution by the department of administration
13 to municipalities, as determined under ~~subs. (4) and~~ sub. (5), because of an error by
14 the department of administration, the department of revenue or any municipality,
15 the overpayment or underpayment shall be corrected as provided in this paragraph.
16 Any overpayment shall be corrected by reducing the subsequent year's distribution,
17 as determined under ~~subs. (4) and~~ sub. (5), by an amount equal to the amount of the
18 overpayment. Any underpayment shall be corrected by increasing the subsequent
19 year's distribution, as determined under ~~subs. (4) and~~ sub. (5), by an amount equal
20 to the amount of the underpayment. Corrections shall be made in the distributions
21 to all municipalities affected by the error. Corrections shall be without interest.

22 **SECTION 29.** 79.10 (7m) (a) of the statutes is repealed.

23 **SECTION 30.** 79.10 (7m) (b) (title) of the statutes is amended to read:

24 79.10 (7m) (b) (title) *Lottery and gaming Homeowner's tax credit.*

25 **SECTION 31.** 79.10 (7m) (b) 1. of the statutes is amended to read:

1 79.10 (7m) (b) 1. The amount determined under sub. (5) with respect to claims
2 filed for which the town, village, or city has furnished notice under sub. (1m) by
3 March 1 shall be distributed from the ~~appropriation~~ appropriations under s. 20.835
4 (3) (bm) and (q) by the department of administration on the 4th Monday in March.

5 **SECTION 32.** 79.10 (9) (b) of the statutes is repealed.

6 **SECTION 33.** 79.10 (9) (bm) of the statutes is amended to read:

7 79.10 (9) (bm) ~~Lottery and gaming~~ Homeowner's tax credit. Except as provided
8 in ss. 79.175 and 79.18, a ~~lottery and gaming~~ homeowner's tax credit shall be
9 allocated to every principal dwelling for which a credit is claimed under sub. (10) in
10 an amount determined by multiplying the estimated fair market value of the
11 principal dwelling, ~~not exceeding the value as~~ determined under sub. (11), but not
12 to exceed \$60,000, by the school tax rate.

13 **SECTION 34.** 79.10 (9) (c) 1. of the statutes is renumbered 79.10 (9) (c) and
14 amended to read:

15 79.10 (9) (c) The ~~lottery and gaming~~ homeowner's tax credit under par. (bm)
16 shall reduce the property taxes otherwise payable on property that is eligible for that
17 credit and if the property owner completes the information required under sub. (10)
18 (a) or (b).

19 **SECTION 35.** 79.10 (9) (c) 2. of the statutes is repealed.

20 **SECTION 36.** 79.10 (10) (title) of the statutes is amended to read:

21 79.10 (10) (title) CLAIMING THE ~~LOTTERY AND GAMING~~ HOMEOWNER'S TAX CREDIT.

22 **SECTION 37.** 79.10 (10) (a) of the statutes is amended to read:

23 79.10 (10) (a) Beginning with property taxes levied in ~~1999~~ 2004, the owner of
24 a principal dwelling may claim the credit under sub. (9) (bm) by applying for the
25 credit on a form prescribed by the department of revenue. A claimant shall attest

1 that, as of the certification date, the claimant is an owner of property and that such
2 property is used by the owner in the manner specified under sub. (1) (dm). The
3 certification date is January 1 of the year in which the property taxes are levied. The
4 claimant shall file the application for the ~~lottery and gaming~~ homeowner's tax credit
5 with the treasurer of the county in which the property is located or, if the property
6 is located in a city that collects taxes under s. 74.87, with the treasurer of the city in
7 which the property is located. Subject to review by the department of revenue, a
8 treasurer who receives a completed application shall direct that the property
9 described in the application be identified on the next tax roll as property for which
10 the owner is entitled to receive a ~~lottery and gaming~~ homeowner's tax credit. A claim
11 that is made under this paragraph is valid for as long as the property is eligible for
12 the credit under sub. (9) (bm).

13 **SECTION 38.** 79.10 (10) (bm) 1. of the statutes is amended to read:

14 79.10 (10) (bm) 1. A person who is eligible for a credit under sub. (9) (bm) but
15 whose property tax bill does not reflect the credit may claim the credit by applying
16 to the treasurer of the taxation district in which the property is located for the credit
17 under par. (a) by January 31 following the issuance of the person's property tax bill.
18 The treasurer shall compute the amount of the credit; subtract the amount of the
19 credit from the person's property tax bill; notify the person of the reduced amount of
20 the property taxes due; issue a refund to the person if the person has paid the
21 property taxes in full; and enter the person's property on the next tax roll as property
22 that qualifies for a ~~lottery and gaming~~ homeowner's tax credit. Claims made under
23 this subdivision are valid for as long as the property is eligible for the credit under
24 sub. (9) (bm).

25 **SECTION 39.** 79.10 (10) (bm) 2. of the statutes is amended to read:

1 79.10 (10) (bm) 2. A person who may apply for a credit under subd. 1. but who
2 does not timely apply for the credit under subd. 1. may apply to the department of
3 revenue no later than October 1 following the issuance of the person's property tax
4 bill. Subject to review by the department, the department shall compute the amount
5 of the credit; issue a check to the person in the amount of the credit; and notify the
6 treasurer of the county in which the person's property is located or the treasurer of
7 the taxation district in which the person's property is located, if the taxation district
8 collects taxes under s. 74.87. The treasurer shall enter the person's property on the
9 next tax roll as property that qualifies for a ~~lottery and gaming~~ homeowner's tax
10 credit. Claims made under this subdivision are valid for as long as the property is
11 eligible for the credit under sub. (9) (bm).

12 **SECTION 40.** 79.10 (11) (title) of the statutes is amended to read:

13 79.10 (11) (title) ~~LOTTERY AND GAMING~~ HOMEOWNER'S TAX CREDIT ESTIMATED FAIR
14 MARKET VALUE.

15 **SECTION 41.** 79.10 (11) (b) of the statutes is amended to read:

16 79.10 (11) (b) Before October 16, the department of administration shall
17 determine the total funds available for distribution under the ~~lottery and gaming~~
18 homeowner's tax credit in the following year and shall inform the joint committee on
19 finance of that total. Total funds available for distribution shall be \$469,305,000
20 from s. 20.835 (3) (bm) plus all moneys projected to be transferred to the lottery fund
21 under ss. 20.455 (2) (g) and 20.505 (8) (am), (g), and (jm) and all existing and projected
22 lottery proceeds and interest for the fiscal year of the distribution, less the amount
23 estimated to be expended under ss. 20.455 (2) (r), 20.566 (2) (r), and 20.835 (2) (q) and
24 less the required reserve under s. 20.003 (5). The joint committee on finance may
25 revise the total amount to be distributed if it does so at a meeting that takes place

1 before November 1. If the joint committee on finance does not schedule a meeting
2 to take place before November 1, the total determined by the department of
3 administration shall be the total amount estimated to be distributed under the
4 lottery and gaming homeowner's tax credit in the following year.

5 **SECTION 42.** 79.10 (11) (c) of the statutes is amended to read:

6 79.10 (11) (c) Before November 1, the department of administration shall
7 inform the department of revenue of the total amount available for distribution
8 under the lottery and gaming homeowner's tax credit in the following year. Before
9 December 1, the department of revenue shall calculate, to the nearest \$100, the
10 estimated fair market value necessary to distribute the total amount available for
11 distribution under the lottery and gaming homeowner's tax credit in the following
12 year.

13 **SECTION 43.** 79.11 (3) (b) of the statutes is amended to read:

14 79.11 (3) (b) Notwithstanding ss. 74.11 (2) (b) and 74.12 (2) (b), the lottery and
15 gaming homeowner's tax credit shall be deducted in its entirety from the first
16 installment. This paragraph does not apply to the payment of taxes in installments
17 under s. 74.87.

18 **SECTION 44.** 79.14 of the statutes is repealed.

19 **SECTION 45.** 565.02 (7) of the statutes is amended to read:

20 565.02 (7) Not later than March 1 of each year, the department shall submit
21 to the joint committee on finance a report that includes an estimate for that fiscal
22 year and for the subsequent fiscal year of the gross revenues from the sale of lottery
23 tickets and lottery shares, the total amount paid as prizes and the prize payout ratio
24 for each type of lottery game offered, and an evaluation of the effect of prize payout
25 ratios of lottery games on lottery sales, lottery operating costs and on maximizing the

1 revenue available for the ~~lottery and gaming property~~ homeowner's tax credit. If,
2 within 14 working days after the date on which the committee receives the report,
3 the cochairpersons of the committee notify the department that the committee has
4 scheduled a meeting for the purpose of reviewing the department's proposed prize
5 payouts, the department may proceed with its plans for the prize payouts for the
6 subsequent fiscal year only upon approval of the plans by the committee. If the
7 cochairpersons of the committee do not notify the department within 14 working
8 days after the date on which the committee receives the report that the committee
9 has scheduled a meeting for the purpose of reviewing the department's proposed
10 prize payouts, the department's plans for the prize payouts for the subsequent fiscal
11 year are considered approved by the committee.

12 **SECTION 46. Nonstatutory provisions.**

13 (1) HOMEOWNER'S TAX CREDIT. An application for the lottery and gaming credit
14 under section 79.10 (10) of the statutes, 2003 stats., shall be considered to be an
15 application for the homeowner's tax credit under section 79.10 (10) of the statutes,
16 as affected by this act, and any valid claim for the lottery and gaming credit under
17 section 79.10 (10) of the statutes, 2003 stats., shall be considered to be a valid claim
18 for the homeowner's tax credit under section 79.10 (10) of the statutes, as affected
19 by this act.

20 **SECTION 47. Initial applicability.**

21 (1) HOMEOWNER'S TAX CREDIT. The treatment of sections 20.566 (2) (am) and (r),
22 20.835 (3) (b), (bm), (q), and (s), 41.41 (10) (c) 1., 74.09 (3) (b) 3., 79.10 (1) (b) and (e),
23 (1m) (b), (2), (4), (5), (6m) (a), (7m) (a) and (b) (title) and 1., (9) (b), (bm), and (c) 1. and
24 2., (10) (title) and (a), (bm) 1. and 2., and (11) (title), (b), and (c), 79.11 (3) (b), 79.14,
25 and 565.02 (7) of the statutes first applies to property taxes levied in 2005.

1 (2) COMPUTERS. The treatment of section 70.11 (39) of the statutes first applies
2 to the property tax assessments as of January 1, 2005.

3 (3) SCHOOL PROPERTY INCOME TAX CREDIT. The treatment of section 71.07 (9) (b)
4 5. of the statutes first applies to taxable years beginning on January 1, 2005.

5 (4) ~~COMBINED REPORTING~~ ^{(S) RELATED ENTITIES} The treatment of sections ~~71.25 (9) (a), 71.255, 71.26~~
6 ~~(3) (x) and (4), 71.29 (2), 71.44 (1) (a) and (e), 71.46 (3), 71.48, and 71.84 (2) (a)~~ of the
7 statutes first applies to taxable years beginning on January 1, 2005.

8 (5) LUXURY BOXES. The treatment of sections 77.52 (2) (a) 13. of the statutes first
9 applies to transactions entered into on the effective date of this subsection.

10 (END)

71.01(5p) and (9b), 71.05 (6)(a) 210, 71.22 (3m) and (9b),
71.26(2)(a) (intro) and 6., 71.34 (1)(j), 71.42 (1p) and (4m),
71.45 (2)(a) 16., 71.738 (3m), and 71.80 (23) of the statutes,
the ^{creation} amendment of section 71.26 (2) (a) 6. of the statutes and the
renumbering and amendment of section 71.26(2)(a) and the

2003 ASSEMBLY BILL 461

August 7, 2003 - Introduced by Representatives BLACK, BERCEAU, POCAN, MILLER, HEBL and PLOUFF, cosponsored by Senators CARPENTER, RISSER and CHVALA. Referred to Committee on Ways and Means.

1 AN ACT *to renumber and amend* 71.26 (2) (a); and *to create* 71.01 (5p), 71.01
2 (9b), 71.05 (6) (a) 21., 71.22 (3m), 71.22 (9b), 71.26 (2) (a) 6., 71.34 (1) (j), 71.42
3 (1p), 71.42 (4m), 71.45 (2) (a) 16., 71.738 (3m) and 71.80 (23) of the statutes;
4 **relating to:** adding payments to related entities to federal taxable income for
5 state income tax and franchise tax purposes.

(INSERT 1-12)

Analysis by the Legislative Reference Bureau

For purposes of calculating a taxpayer's state income tax or franchise tax liability, this bill requires a taxpayer to add the following amounts to the taxpayer's federal taxable income: any amount that the taxpayer 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.

This bill also authorizes the Department of Revenue (DOR) to allow the tax consequences of a transaction, as asserted by a taxpayer, even if DOR initially disallows the consequences by asserting the sham transaction doctrine or a related doctrine, if a taxpayer meets certain conditions. The conditions include the taxpayer's ability to demonstrate that the transaction had a valid, good faith business purpose other than tax avoidance, that the business purpose is commensurate with the transaction's tax benefit, and that the transaction had economic substance apart from the taxpayer's asserted tax benefit.

INSERT A



ASSEMBLY BILL 461

(INSERT 4)

Also under the bill, a taxpayer is not required to add to the taxpayer's federal taxable income certain expenses or costs as specified in the bill if a number of conditions apply. The conditions include the following:

1. The transaction to which the expenses and costs apply did not have as its principal purpose tax avoidance.
2. The related entity to whom the taxpayer paid the expenses or costs paid, accrued, or incurred such amounts to a person who is not a related entity.
3. The related entity was subject to tax on its net income, and a measure of the tax included the expenses or costs received from the taxpayer.

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:

(INSERT 5-2)

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SECTION ~~1~~ 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 factoring transactions and discounting transactions; royalty, patent, technical, and copyright fees; licensing fees; and other similar expenses and costs.

SECTION ~~2~~ 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 of the Internal Revenue Code during all or a portion of the taxpayer's taxable year.

SECTION ~~3~~ 71.05 (6) (a) 21. of the statutes is created to read:



ASSEMBLY BILL 461

5-2

1 71.05 (6) (a) 21. Any amount deducted or excluded under the Internal Revenue
2 Code for management and service fees, interest expenses and costs, intangible
3 expenses and costs, and any other expenses and costs directly or indirectly paid,
4 accrued, or incurred to, or in connection directly or indirectly with one or more direct
5 or indirect transactions with, one or more related entities.

end of insert 5-2

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6 ~~SECTION 4.~~ 71.22 (3m) of the statutes is created to read:

7 71.22 (3m) "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 factoring transactions and discounting transactions;
15 royalty, patent, technical, and copyright fees; licensing fees; and other similar
16 expenses and costs.

17 ~~SECTION 5.~~ 71.22 (9b) of the statutes is created to read:

18 71.22 (9b) "Related entity" means any person related to a taxpayer as provided
19 under section 267, 318, or 1563 of the Internal Revenue Code during all or a portion
20 of the taxpayer's taxable year.

21 ~~SECTION 6.~~ 71.26 (2) (a) of the statutes is renumbered 71.26 (2) (a) (intro.) and
22 amended to read:

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

ASSEMBLY BILL 461

SECTION 6

INDEBT
5-10

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

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

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

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

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

SECTION ~~7~~ 71.26 (2) (a) 6. of the statutes is created to read:

71.26 (2) (a) 6. Plus 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.

SECTION ~~8~~ 71.34 (1) (j) of the statutes is created to read:

71.34 (1) (j) An addition shall be made for 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

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C

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

4 ~~SECTION 9.~~ 71.42 (1p) of the statutes is created to read:


5 71.42 (1p) "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 factoring transactions and discounting transactions;
13 royalty, patent, technical, and copyright fees; licensing fees; and other similar
14 expenses and costs.

15 ~~SECTION 10.~~ 71.42 (4m) of the statutes is created to read:

16 71.42 (4m) "Related entity" means any person related to a taxpayer as provided
17 under section 267, 318, or 1563 of the Internal Revenue Code during all or a portion
18 of the taxpayer's taxable year.

19 ~~SECTION 11.~~ 71.45 (2) (a) 16. of the statutes is created to read:

20 71.45 (2) (a) 16. By adding to federal taxable income any amount deducted or
21 excluded under the Internal Revenue Code for management and service fees,
22 interest expenses and costs, intangible expenses and costs, and any other expenses
23 and costs directly or indirectly paid, accrued, or incurred to, or in connection directly
24 or indirectly with one or more direct or indirect transactions with, one or more
25 related entities.



ASSEMBLY BILL 461

1 ~~SECTION 12.~~ 71.738 (3m) of the statutes is created to read:

2 71.738 (3m) "Related entity" means any person related to a taxpayer as
3 provided under section 267, 318, or 1563 of the Internal Revenue Code during all or
4 a portion of the taxpayer's taxable year.

5 ~~SECTION 13.~~ 71.80 (23) of the statutes is created to read:


6 71.80 (23) TRANSACTIONS. (a) Subject to par. (b), if the department asserts the
7 sham transaction doctrine, or any other related tax doctrine, to disallow the tax
8 consequences, as asserted by the taxpayer, of a transaction, the department may
9 allow the tax consequences, as asserted by the taxpayer, of the transaction, if the
10 taxpayer demonstrates by clear and convincing evidence that the transaction had a
11 valid, good faith, business purpose other than tax avoidance and had economic
12 substance apart from any tax benefit asserted by the taxpayer.

13 (b) For all instances in which the department disallows the tax consequences,
14 as asserted by the taxpayer, of a transaction, the department may allow the tax
15 consequences, as asserted by the taxpayer, of the transaction, if the taxpayer
16 demonstrates by clear and convincing evidence that the transaction's nontaxable
17 business purpose, as asserted by the taxpayer, is commensurate with the
18 transaction's tax benefit, as asserted by the taxpayer.

19 (c) The adjustments under ss. 71.05 (6) (a) 21., 71.26 (2) (a) 6., 71.34 (1) (j), and
20 71.45 (2) (a) 16. shall not apply to any expenses or costs if all of the following apply
21 to the expenses or costs:

22 1. The transaction to which the expenses or costs are related did not have tax
23 avoidance as its principal purpose.

24 2. The related entity to whom the taxpayer paid interest expenses or costs,
25 intangible expenses, or management or service fees during the taxable year directly



INSERT
5-10C

ASSEMBLY BILL 461

1 or indirectly paid, accrued, or incurred such amounts to a person who is not a related
2 entity. For purposes of this subdivision, "interest" means interest on a debt for which
3 the taxpayer is the guarantor, if the interest rate is the market rate in effect at the
4 time of the debt's origination, but excludes interest that is paid in connection with
5 any debt that is incurred to acquire the taxpayer's assets or stock under section 368
6 of the Internal Revenue Code.

7 3. The related entity was subject to tax on its net income in this state, or any
8 state, U.S. possession, or foreign country; a measure of the tax paid included the
9 interest income, intangible income, or management or service fees received from the
10 taxpayer; and the tax rate applied to the interest income, intangible income, or
11 management or service fees was not less than 3 percentage points below the tax rate
12 that would have applied under s. 71.27. For purposes of this subdivision, "any state,
13 U.S. possession, or foreign country" does not include any state, U.S. possession, or
14 foreign country under the laws of which the taxpayer files or could have elected to
15 file with the related entity, or the related entity files or could have elected to file with
16 another entity, a combined income tax report or return, a consolidated income tax
17 report or return, or any other report or return that is due because of the imposition
18 of a tax that is measured on or by income, if the report of return results in eliminating
19 the tax effects of transactions directly or indirectly between either the taxpayer and
20 the related entity or between the related entity and another entity.

END OF
5-10C

21 **SECTION 14. Initial applicability.**

22 (1) This act first applies to taxable years beginning on January 1 of the year
23 in which this subsection takes effect, except that if this subsection takes effect after

ASSEMBLY BILL 461

SECTION 14

1 July 31 this act first applies to taxable years beginning on January 1 of the year
2 following the year in which this subsection takes effect.

3 (END)

Insert 5 - 10 B

1 SECTION ~~1~~ 71.26 (2) (a) of the statutes is renumbered 71.26 (2) (a) (intro.) and
2 amended to read:

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

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

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

8 3. Minus as provided under s. 71.28 (3) (c) 7., the amount of the credit under
9 s. 71.28 (3) that the taxpayer added to income under this paragraph at the time that
10 the taxpayer first claimed the credit ~~plus.~~

11 4. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di),
12 (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3n), (3t), and (5b) and not passed through by
13 a partnership, limited liability company, or tax-option corporation that has added
14 that amount to the partnership’s, limited liability company’s, or tax-option
15 corporation’s income under s. 71.21 (4) or 71.34 (1) (g) ~~plus.~~

16 5. 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 6. 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).

1

End of Insert 5 - 10 B

Basford, Sarah

From: Zimmerman, Terri
Sent: Wednesday, January 05, 2005 12:56 PM
To: LRB.Legal
Subject: Draft review: LRB 05-0576/1 Topic: Homeowner's property tax credit; school property income tax credit; imposing sales and use tax on furnishing luxury boxes; combined corporate reporting; computer property tax exemption

It has been requested by <Zimmerman, Terri> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 05-0576/1 Topic: Homeowner's property tax credit; school property income tax credit; imposing sales and use tax on furnishing luxury boxes; combined corporate reporting; computer property tax exemption