2005 DRAFTING REQUEST

Senate Amendment (SA-AB100)

Received: **06/30/2005**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Judith Robson (608) 266-2253**

By/Representing: **andrew**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Other - fuel**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Robson@legis.state.wi.us**

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

Pre Topic:

No specific pre topic given

Topic:

Reduce the motor vehicle fuel tax rate with funding from combined reporting, the additional tax on those earning more than $1M, and compensation deduction limit

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	jkreye 06/30/2005	kfollett 06/30/2005					
/1			pgreensl 06/30/2005		sbasford 06/30/2005	sbasford 06/30/2005	

FE Sent For:

<END>

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/?	jkreye	11kjf 6/30	6/30 PS	~~6/30~~ PS/ch			

FE Sent For:

<END>

Hanaman, Cathlene

From: Engel, Andrew
Sent: Wednesday, June 29, 2005 6:29 PM
To: Hanaman, Cathlene; Gratz, Nadine
Subject: Senate Democrat Amendments

We would like to combine the following amendments in a package to use as a funding source:

Combined reporting (lrb 0660) 673?
The additional tax on those earning more than $1 million (lrb0759)
The CEO equity amendment (lrb 0750)

We would then like to use this funding source and apply the full amount to reduce expenditures or fund entirely the following items individually:

The Senior pension exemption: (lrb0689)
A reduction in the gas tax—— b-0787 JK
A direct credit on one's property tax bill (could be done the same way the credit would be applied in our property tax exemption bill b672)
b-0786 JK

So this would be three separate amendments, each using the same funding source.

Please call me with questions and thanks again for your continued support,

Andy Engel
Office of Senator Robson
266-2253

State of Wisconsin
2005 – 2006 LEGISLATURE

LRBb0787/?
JK:

~~PRELIMINARY DRAFT – NOT READY FOR INTRODUCTION~~

SENATE AMENDMENT ,

TO 2005 ASSEMBLY BILL 100

At the locations indicated, amend the bill as follows:

1. Page 323, line 9: after that line insert:

"**SECTION 455n.** 20.855 (4) (fn) of the statutes is created to read:

20.855 **(4)** (fn) *Transfer to transportation fund; additional general fund tax revenues.* Beginning on April 1, 2006, and on each April 1 thereafter, to be transferred to the transportation fund, a sum sufficient in an amount equal to the amount to be paid into the transportation fund, as determined under s. 78.018 (2).".

2. Page 726, line 17: after that line insert:

"**SECTION 1698d.** 78.01 (1) of the statutes is amended to read:

78.01 **(1)** IMPOSITION OF TAX AND BY WHOM PAID. An excise tax at the rate determined under ss. 78.015 ~~and~~, 78.017, and 78.018 is imposed on all motor vehicle fuel received by a supplier for sale in this state, for sale for export to this state or for

export to this state except as otherwise provided in this chapter. The motor vehicle fuel tax is to be computed and paid as provided in this chapter. Except as otherwise provided in this chapter, a person who receives motor vehicle fuel under s. 78.07 shall collect from the purchaser of the motor vehicle fuel that is received, and the purchaser shall pay to the person who receives the motor vehicle fuel under s. 78.07, the tax imposed by this section on each sale of motor vehicle fuel at the time of the sale, irrespective of whether the sale is for cash or on credit. In each subsequent sale or distribution of motor vehicle fuel on which the tax has been collected as provided in this subsection, the tax collected shall be added to the selling price so that the tax is paid ultimately by the user of the motor vehicle fuel.

History: 1979 c. 221; 1981 c. 20; 1983 a. 27; 1985 a. 153; 1987 a. 27; 1987 a. 312 s. 17; 1987 a. 399; 1989 a. 31; 1991 a. 39, 316; 1993 a. 16, 437; 1995 a. 113; 1997 a. 27, 237.

add no.

SECTION 1698g. 78.018 of the statutes is created to read:

78.018 Annual rate reduction. (1) On or before April 1, 2006, and on or before each April 1 thereafter, the department shall reduce the rate of the tax imposed under s. 78.01, as adjusted under s. 78.015, so that the total reduction in motor vehicle fuel tax receipts for the 12-month period beginning April 1 is the amount determined under sub. (2).

(2) On or before April 1, the department shall determine the amount of tax revenue generated in the 12 months preceding April 1 by the operation of ss. 71.06 (1q) and (2) (i) and (j) and 71.255, plus the amount of tax revenue collected in that preceding 12 months as a result of the maximum limit that may be claimed as a deduction under s. 71.26 (3) (e) 1.

(3) Annually, beginning on April 1, 2006, and on each April 1 thereafter, an amount equal to 50 percent of the amount determined under sub. (2) shall be transferred from s. 20.855 (4) (fn) to the transportation fund.

add no.

SECTION 1698m. 78.12 (4) (a) 4. of the statutes is amended to read:

78.12 **(4)** (a) 4. Multiply the number of gallons under subd. 3. by the rate under s. 78.015 as increased under s. 78.017 and as decreased under s. 78.018.

History: 1973 c. 333; 1975 c. 180, 421; 1977 c. 418; 1979 c. 221; 1985 a. 153; 1987 a. 399; 1991 a. 39, 316; 1993 a. 16, 437; 1997 a. 27.

add no.

SECTION 1698n. 78.12 (4) (b) 2. of the statutes is amended to read:

78.12 **(4)** (b) 2. Multiply the number of gallons under subd. 1. by the rate under s. 78.015 as increased under s. 78.017 and as decreased under s. 78.018.".

History: 1973 c. 333; 1975 c. 180, 421; 1977 c. 418; 1979 c. 221; 1985 a. 153; 1987 a. 399; 1991 a. 39, 316; 1993 a. 16, 437; 1997 a. 27.

(END)

INSERT 3-6 A & B

PRELIMINARY DRAFT – NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO 2005 ASSEMBLY BILL 100

This is a compile of LRB b0673, b0759, & b0750

Insert 1-7

At the locations indicated, amend the bill as follows:

b0759/1.1 **1.** Page 572, line 24: after that line insert:

b0759/1.1 "**SECTION 1292e.** 71.06 (1p) (intro.) of the statutes is amended to read:

71.06 **(1p)** FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; ~~AFTER~~ 2000 TO 2005. (intro.) The tax to be assessed, levied, and collected upon the taxable incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and single individuals and heads of households shall be computed at the following rates for taxable years beginning after December 31, 2000, and before January 1, 2006:

b0759/1.1 **SECTION 1292f.** 71.06 (1q) of the statutes is created to read:

71.06 **(1q)** FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; AFTER 2005. The tax to be assessed, levied, and collected upon the taxable incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and single individuals and heads of households shall be computed at the following rates for taxable years beginning after December 31, 2005:

(a) On all taxable income from $0 to $7,500 , 4.6 percent.

(b) On all taxable income exceeding $7,500 but not exceeding $15,000, 6.15 percent.

(c) On all taxable income exceeding $15,000 but not exceeding $112,500, 6.5 percent.

(d) On all taxable income exceeding $112,500 but not exceeding $1,000,000, 6.75 percent.

(e) On all taxable income exceeding $1,000,000, 7.75 percent.

b0759/1.1 **SECTION 1292g.** 71.06 (2) (g) (intro.) of the statutes is amended to read:

71.06 **(2)** (g) (intro.) For joint returns, for taxable years beginning after December 31, 2000, and before January 1, 2006:

b0759/1.1 **SECTION 1292h.** 71.06 (2) (h) (intro.) of the statutes is amended to read:

71.06 **(2)** (h) (intro.) For married persons filing separately, for taxable years beginning after December 31, 2000, and before January 1, 2006:

b0759/1.1 **SECTION 1292i.** 71.06 (2) (i) of the statutes is created to read:

71.06 **(2)** (i) For joint returns, for taxable years beginning after December 31, 2005:

1. On all taxable income from $0 to $10,000, 4.6 percent.

insert 1-7

2. On all taxable income exceeding $10,000 but not exceeding $20,000, 6.15 percent.

3. On all taxable income exceeding $20,000 but not exceeding $150,000, 6.5 percent.

4. On all taxable income exceeding $150,000 but not exceeding $1,000,000, 6.75 percent.

5. On all taxable income exceeding $1,000,000, 7.75 percent.

b0759/1.1 **SECTION 1292j.** 71.06 (2) (j) of the statutes is created to read:

71.06 **(2)** (j) For married persons filing separately, for taxable years beginning after December 31, 2005:

1. On all taxable income from $0 to $5,000, 4.6 percent.

2. On all taxable income exceeding $5,000 but not exceeding $10,000, 6.15 percent.

3. On all taxable income exceeding $10,000 but not exceeding $75,000, 6.5 percent.

4. On all taxable income exceeding $75,000 but not exceeding $500,000, 6.75 percent.

5. On all taxable income exceeding $500,000, 7.75 percent.

b0759/1.1 **SECTION 1292k.** 71.06 (2e) of the statutes is renumbered 71.06 (2e) (a) and amended to read:

71.06 **(2e)** BRACKET INDEXING. (a) For taxable years beginning after December 31, 1998, and before January 1, 2000, the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2) (c) and (d), and for taxable years beginning after December 31, 1999, and before January 1, 2006, the maximum dollar amount in

each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p), and (2) (e), (f), (g), and (h), and for taxable years beginning after December 31, 2006, the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1q) and (2) (i) and (j), shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1997, as determined by the federal department of labor, except that for taxable years beginning after December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1999, as determined by the federal department of labor. Each amount that is revised under this ~~subsection~~ paragraph shall be rounded to the nearest multiple of $10 if the revised amount is not a multiple of $10 or, if the revised amount is a multiple of $5, such an amount shall be increased to the next higher multiple of $10. The department of revenue shall annually adjust the changes in dollar amounts required under this ~~subsection~~ paragraph and incorporate the changes into the income tax forms and instructions.

b0759/1.1 **SECTION 1292L.** 71.06 (2e) (b) of the statutes is created to read:

71.06 **(2e)** (b) For taxable years beginning after December 31, 2004, and before January 1, 2006, the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1q) (a), (b),

(c), and (d) and (2) (i) 1., 2., 3., and 4. and (j) 1., 2., 3., and 4., shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1997, as determined by the federal department of labor. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of $10 if the revised amount is not a multiple of $10 or, if the revised amount is a multiple of $5, such an amount shall be increased to the next higher multiple of $10. The department of revenue shall annually adjust the changes in dollar amounts required under this paragraph and incorporate the changes into the income tax forms and instructions.

b0759/1.1 **SECTION 1292m.** 71.06 (2m) of the statutes is amended to read:

71.06 **(2m)** RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p), (1q), or (2) changes during a taxable year, the taxpayer shall compute the tax for that taxable year by the methods applicable to the federal income tax under section 15 of the ~~internal revenue code~~ Internal Revenue Code.

b0759/1.1 **SECTION 1292n.** 71.06 (2s) (d) of the statutes is amended to read:

71.06 **(2s)** (d) For taxable years beginning after December 31, 2000, and before January 1, 2006, with respect to nonresident individuals, including individuals changing their domicile into or from this state, the tax brackets under subs. (1p) and (2) (g) and (h) shall be multiplied by a fraction, the numerator of which is Wisconsin adjusted gross income and the denominator of which is federal adjusted gross income. In this paragraph, for married persons filing separately "adjusted gross income" means the separate adjusted gross income of each spouse, and for married persons filing jointly "adjusted gross income" means the total adjusted gross income

of both spouses. If an individual and that individual's spouse are not both domiciled in this state during the entire taxable year, the tax brackets under subs. (1p) and (2) (g) and (h) on a joint return shall be multiplied by a fraction, the numerator of which is their joint Wisconsin adjusted gross income and the denominator of which is their joint federal adjusted gross income.

b0759/1.1 **SECTION 1202o.** 71.06 (2s) (e) of the statutes is created to read:

71.06 **(2s)** (e) For taxable years beginning after December 31, 2005, with respect to nonresident individuals, including individuals changing their domicile into or from this state, the tax brackets under subs. (1q) and (2) (i) and (j) shall be multiplied by a fraction, the numerator of which is Wisconsin adjusted gross income and the denominator of which is federal adjusted gross income. In this paragraph, for married persons filing separately "adjusted gross income" means the separate adjusted gross income of each spouse, and for married persons filing jointly "adjusted gross income" means the total adjusted gross income of both spouses. If an individual and that individual's spouse are not both domiciled in this state during the entire taxable year, the tax brackets under subs. (1q) and (2) (i) and (j) on a joint return shall be multiplied by a fraction, the numerator of which is their joint Wisconsin adjusted gross income and the denominator of which is their joint federal adjusted gross income.".

b0759/1.2 **2.** Page 588, line 3: after that line insert:

b0759/1.2 "**SECTION 1318e.** 71.125 of the statutes is amended to read:

71.125 Imposition of tax. (1) Except as provided in sub. (2), the tax imposed by this chapter on individuals and the rates under s. 71.06 (1), (1m), (1n), (1p), (1q), and (2) shall apply to the Wisconsin taxable income of estates or trusts, except

nuclear decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

(2) Each electing small business trust, as defined in section 1361 (e) (1) of the Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1), (1m), (1n) ~~or~~, (1p), or (1q), whichever taxable year is applicable, on its income as computed under section 641 of the Internal Revenue Code, as modified by s. 71.05 (6) to (12), (19), and (20).

b0759/1.2 **SECTION 1318s.** 71.17 (6) of the statutes is amended to read:

71.17 **(6)** FUNERAL TRUSTS. If a qualified funeral trust makes the election under section 685 of the Internal Revenue Code for federal income tax purposes, that election applies for purposes of this chapter and each trust shall compute its own tax and shall apply the rates under s. 71.06 (1), (1m), (1n) ~~or~~, (1p), or (1q).".

b0673/1.1 **3.** Page 614, line 11: after that line insert:

b0673/1.1 "**SECTION 1343g.** 71.25 (9) (a) of the statutes is amended to read:

71.25 **(9)** (a) The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period. For sales of tangible personal property, the numerator of the sales factor is the sales of the taxpayer during the tax period under par. (b) 1. and 2. plus 50% of the sales of the taxpayer during the tax period under pars. (b) 2m. and 3. and (c). For purposes of determining the numerator of the sales factor for a member of a combined reporting group under s. 71.255 (7), "taxpayer" means the member of a combined reporting group, as defined in s. 71.255 (1) (c), that transferred title to tangible personal

property or, for sales other than sales of tangible personal property, that made the sale.".

b0673/1.2 **4.** Page 616, line 12: after that line insert:

b0673/1.2 "**SECTION 1349e.** 71.255 of the statutes is created to read:

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

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

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

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

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

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

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

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

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

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

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

(e) "Corporation" has the meaning given in s. 71.22 (1) or 71.42 (1).

(f) "Department" means the department of revenue.

(g) "Designated agent" means the taxpayer member of a commonly controlled group that files a group return on behalf of the taxpayer members of a combined reporting group.

(h) "Group return" means a tax return filed on behalf of the taxpayer members of a combined reporting group.

(i) "Intercompany transaction" means a transaction between corporations, partnerships, or limited liability companies that become members of the same combined reporting group immediately after the transaction.

(im) "Partnership" means any entity considered a partnership under section 7701 of the Internal Revenue Code.

(j) "Separate return" means a return filed by a corporation, regardless of whether the corporation is a member of a combined reporting group or is required to file a tax return under s. 71.24 or 71.44.

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

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

(m) "Unitary business" includes the business activities or operations of an entity that are of mutual benefit to, integrated with, or dependent upon or that contribute to activities of at least one other entity, including transactions that serve an operational function, as determined by the department. Two or more businesses are presumed to be a unitary business if the businesses have unity of ownership, operation, and use as indicated by centralized management or a centralized

executive force; centralized purchasing, advertising, or accounting; intercorporate sales or leases; intercorporate services; intercorporate debts; intercorporate use of proprietary materials; interlocking directorates; or interlocking corporate officers.

(2) CORPORATIONS REQUIRED TO USE COMBINED REPORTING. (a) Except as provided in par. (b), and subject to sub. (6), a corporation that is subject to the tax imposed under s. 71.23 (1) or (2) or 71.43, that is a member of a commonly controlled group, and that is engaged, in whole or in part, in a unitary business with one or more members of the commonly controlled group shall compute the corporation's income attributable to this state by using the income computation under s. 71.26 or 71.45, the apportionment formula under s. 71.25 (6) or 71.45, and the tax credits under s. 71.28 or 71.47 of all of the following that are members of the commonly controlled group:

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

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

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

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

5. Any corporation, regardless of its place of incorporation if the average of its property factor under s. 71.25 (7) and its payroll factor under s. 71.25 (8), for property

and payroll within the United States and computed on an annual basis, is at least 20 percent during any part of the taxable year that a corporation is a member of the commonly controlled group.

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

(b) A corporation that is subject to the tax imposed under s. 71.23 (1) or (2) or 71.43, that is a member of a commonly controlled group, and that is engaged, in whole or in part, in a unitary business with one or more members of the commonly controlled group may, subject to sub. (6), compute the corporation's income attributable to this state by using the income computation under s. 71.26 or 71.45, the apportionment formula under s. 71.25 (6) or 71.45, and the tax credits under s. 71.28 or 71.47 of all the members of the commonly controlled group, regardless of the country in which any member of the commonly controlled group is organized or incorporated or conducts business, if all top–tier corporations that are members of the commonly controlled group elect under sub. (3) to compute the corporation's income as provided under this paragraph.

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

insert 1-7

on the commonly controlled group's behalf, and in the manner prescribed by the department, to compute income under sub. (2) (b).

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

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

(d) The department may grant a request by a top–tier corporation to terminate an election under this subsection before the first period of 7 taxable years under par. (c) expires, if the top–tier corporation shows good cause for granting the request, as

determined by the department and consistent with section 1502 of the Internal Revenue Code.

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

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

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

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

(b) *Corporations with different accounting periods.* Corporations that are required to file a combined report and that have different accounting periods shall file separate returns and shall use the actual figures from the corporations' financial records to determine the proper income and income–related computations to convert to a common accounting period. Corporations that are required to file a combined report may use a proportional method to convert income to a common accounting period if the results of the proportional method do not materially misrepresent the income apportioned to this state. The apportionment factors under ss. 71.25 and 71.45 and the tax credits under ss. 71.28 and 71.47 shall be computed according to the same method used to determine the income under ss. 71.26 and 71.45 for the common accounting period. If a corporation performs an interim closing of its financial records to determine the income attributable to the common accounting period, the actual figures from the interim closing shall be used to convert the apportionment factors and tax credits to the common accounting period.

(c) *Designated agent.* 1. For corporations that are subject to this section and that file a group return under par. (a), the parent corporation of the combined

reporting group is the sole designated agent for each member of the combined reporting group including the parent corporation, if the parent corporation is a taxpayer member of the combined reporting group and income of the parent corporation is included on the group return. If the parent corporation is not a taxpayer member or if the parent corporation's income is not included on the group return, the taxpayer members may appoint a taxpayer member to be the designated agent. If the parent corporation of the combined reporting group is not eligible to be the designated agent and no taxpayer member is appointed to be the designated agent, the designated agent is the taxpayer member that has the most significant operations in this state on a recurring basis, as determined by the department. The designated agent, as determined under this subdivision, remains the designated agent until the designated agent is no longer a taxpayer member or until the taxpayer members appoint a different designated agent. If the designated agent changes, the combined reporting group shall notify the department of such a change, in a manner prescribed by the department.

2. The designated agent shall file the group return under par. (a), shall file for any extensions under s. 71.24 (7) or 71.44 (3), shall file amended reports and claims for refund or credit, and shall send and receive all correspondence with the department regarding a group return. Any notice the department sends to the designated agent is considered a notice sent to all members of the combined reporting group. Any refund with respect to a group return shall be paid to and in the name of the designated agent and shall discharge any liability of the state to any member of a combined reporting group regarding the refund. The combined reporting group filing a group return under par. (a) shall pay all taxes, including estimated taxes, in the designated agent's name. The designated agent shall participate on behalf of the

members of the combined reporting group in any investigation or hearing requested by the department regarding a group return and shall produce all information requested by the department regarding a group return. The designated agent may execute a power of attorney on behalf of the members of the combined reporting group. The designated agent shall execute waivers, closing agreements, and other documents regarding a group return filed under par. (a) and any waiver, agreement, or document executed by the designated agent shall be considered as executed by all members of the combined reporting group. If the department acts in good faith with a combined reporting group member that represents itself as the designated agent for the combined reporting group but that combined reporting group member is not the designated agent, any action taken by the department with that combined reporting group member has the same effect as if that combined reporting group member were the actual designated agent for the combined reporting group.

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

1. If the corporation is required to file 2 or more short–period federal returns for the common accounting period, the income for the short period in which the corporation was a member of a combined reporting group shall be determined as provided under sub. (2), the corporation shall join in filing a combined report for that short period, and the corporation may join in filing a group return for that short period. The income for the remaining short period shall be reported on a separate return under s. 71.26 or 71.45. If the corporation becomes a member of another

combined reporting group in the remaining short period, the corporation's income shall be determined for the remaining short period as provided under sub. (2).

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

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

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

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

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

2. If a change in tax liability under this section is the result of the removal of a corporation from a combined reporting group because the corporation was not eligible to be a member of the combined reporting group for the taxable year, as

determined by the department, the designated agent shall file an amended group return and the ineligible corporation shall file a separate amended return.

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

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

(a) Determine the net income of each member of a combined reporting group under s. 71.26 or 71.45, as appropriate, before deducting net business losses. A member of a combined reporting group may determine its net loss or net income under a method of accounting or an election authorized under s. 71.26 (3) (y), 71.30 (1), 71.45 (2) (a) 13., or 71.49 (2), as appropriate, regardless of the accounting method used to determine the net loss or net income of other members of the combined reporting group. After a member establishes an accounting method, or makes any election under this section, the member's net loss or net income shall be consistently determined in the combined report of all members of the combined reporting group and in the group return filed by the taxpayer members or in the separate return filed by the members. If a corporation is engaged in 2 or more trades or businesses that are required to use different apportionment formulas under s. 71.25 or 71.45, the net income for each trade or business shall be computed separately. A unitary business with operations in a foreign country shall compute its net loss or net income as provided by rule by the department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) NET BUSINESS LOSS CARRY-OVER. (a) For taxable years beginning after December 31, 2005, any net business loss of a corporation that is a member of a combined reporting group as determined under sub. (6) for the taxable year that is not offset against the net income of the other members of the combined reporting

group in the same taxable year may be carried forward as provided under s. 71.26 (4), except that any net business loss carried forward to a subsequent taxable year may be offset against either the net income of the corporation that incurred the net business loss or the net income of the combined reporting group of which the corporation is a member, in the manner prescribed by rule by the department.

(b) A corporation that is a member of a combined reporting group may not carry forward a net business loss from a taxable year beginning before January 1, 2006, if the corporation was not subject to the tax imposed under s. 71.23 or 71.43 for the same taxable year.

(c) A corporation that is a member of a combined reporting group and that incurred a Wisconsin net business loss in a taxable year beginning before January 1, 2006, that has not been offset against the corporation's net income in subsequent taxable years may offset the remaining net business loss against the corporation's net income as determined under sub. (6). If the corporation joins in filing a group return under sub. (5) and the corporation's remaining net business loss exceeds the corporation's net income as determined under sub. (6) for the first taxable year beginning after December 31, 2005, that the corporation is subject to this section, the corporation may annually offset up to 20 percent of the remaining net business loss against the net income of the other members of the combined reporting group that join in filing a group return under sub. (5).

(9) NET INCOME OR LOSS FOR CORPORATIONS WITH DIFFERENT ACCOUNTING PERIODS. If a taxpayer member has a different accounting period from the common accounting period of the combined reporting group, the combined reporting group shall assign the combined report income or loss for the combined reporting group, as determined under sub. (6), proportionally to the number of months in the taxpayer member's

taxable year that are wholly or partly within the combined reporting group's common accounting period. The total amount of income or loss assigned to a taxpayer member under this subsection for the portions of the common accounting period that are included in the taxpayer member's taxable period shall be aggregated or netted to determine the taxpayer member's apportionable income.

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

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

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

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

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

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

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

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of any estimated taxes paid on a separate basis in the first 2 taxable years that a group return is filed.

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

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

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

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

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

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

2. For any year in which a combined reporting group files a group return, the department shall determine if the combined reporting group qualifies for the exception to interest under s. 71.29 (7) (b) by using the aggregate of the amount of the tax liability and the amount of the net income of all members of the combined reporting group.

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

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

shall report the member's allocated share of the combined estimated tax payments for the current year to the department, in the manner prescribed by the department.

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

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

2. If a corporation is not a member of a combined reporting group for an entire common accounting period, the combined reporting group shall include with the corresponding items on the group return for the current taxable year the corporation's separate items for that portion of the common accounting period that the corporation was not a member of the combined reporting group.

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

(c) *Leaving a group.* If a corporation leaves a combined reporting group during a common accounting period under sub. (4), the combined reporting group shall make

the following adjustments to determine the amount of interest that is due for an underpayment of estimated taxes:

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

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

3. A corporation that leaves a combined reporting group shall use the separate items that the designated agent of the combined reporting group attributed to the corporation to determine the amount of interest that is owed for any underpayment of estimated taxes under sub. (11) for the first taxable year beginning after the day that the corporation leaves the combined reporting group or, for a corporation that has a different accounting period from the combined reporting group, for the portion of the corporation's separate taxable year that remains after the day that the corporation leaves the combined reporting group.

(13) ASSESSMENT NOTICE. If the department sends a notice of taxes that are owed by a combined reporting group to the designated agent of a combined reporting group, the notice shall name each corporation that joined in filing the group return related to the notice during any part of the period covered by the notice. The department's failure to name a corporation on a notice under this subsection shall

not invalidate the notice as to the unnamed corporation. Any levy, lien, or other proceeding to collect the amount of a tax assessment under this section shall name the corporation from which the department shall collect the assessment. If a corporation that joined in the filing of a group return leaves the combined reporting group, the department shall send the corporation a copy of any notice sent to the combined reporting group under this subsection if the corporation notifies the department that the corporation is no longer a member of the combined reporting group and if the corporation requests in writing that the department send notices under this subsection to the corporation. The department's failure to comply with a corporation's request to receive a notice does not affect the tax liability of the corporation.

(14) LIABILITY FOR TAX, INTEREST, AND PENALTY. If members of a combined reporting group file a group return, the members of the combined reporting group shall be jointly and severally liable for any combined tax, interest, or penalty. The liability of a member of a combined reporting group for any combined tax, interest, or penalty shall not be reduced by an agreement with another member of the combined reporting group or by an agreement with another person.

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

(16) INFORMATION. (a) A member of a commonly controlled group shall retain any information, and provide such information to the department at the

department's request, that the department considers necessary to administer this section, including all documents submitted to or obtained from the internal revenue service or other states regarding income and taxing jurisdiction.

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

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

(17) CORPORATIONS NOT FILING. If a corporation that is required to report under this section directly or indirectly owns or controls any other corporation, or is directly or indirectly owned or controlled by another corporation, the department may require that such other corporations join in filing a combined report under this section.".

b0673/1.3 **5.** Page 646, line 4: after that line insert:

b0673/1.3 "**SECTION 1363m.** 71.26 (3) (x) of the statutes is amended to read:

71.26 **(3)** (x) Sections 1501 to 1505, 1551, 1552, 1563 and 1564 (relating to consolidated returns) are excluded, except to the extent that they pertain to intercompany transactions and the carry–forward of net business loss under s.

71.255 and except that they are modified so that more than 50 percent ownership is substituted for at least 80 percent ownership.

b0673/1.3 **SECTION 1363m.** 71.26 (4) of the statutes is amended to read:

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

b0750/1.1 **6.** Page 646, line 4: after that line insert:

b0750/1.1 "**SECTION 1363m.** 71.26 (3) (e) 1. of the statutes is amended to read:

71.26 **(3)** (e) 1. So that payments for wages, salaries, commissions and bonuses of employees and officers may be deducted only if the name, address and amount paid to each resident of this state to whom compensation of $600 or more has been paid during the taxable year is reported or if the department of revenue is satisfied that failure to report has resulted in no revenue loss to this state. A deduction for wages, salaries, commissions, and bonuses paid to an employee or officer shall not exceed an amount equal to the product of the wages, salaries, commissions, and bonuses paid to the corporation's lowest paid full–time employee multiplied by 25.".

b0673/1.4 **7.** Page 653, line 12: after that line insert:

b0673/1.4 "**SECTION 1385m.** 71.29 (2) of the statutes is amended to read:

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

b0673/1.5 **8.** Page 681, line 17: after that line insert:

b0673/1.5 "**SECTION 1406b.** 71.44 (1) (a) of the statutes is amended to read:

71.44 **(1)** (a) ~~Every~~ Except as provided in par. (e), every corporation, except corporations all of whose income is exempt from taxation and except as provided in sub. (1m), shall furnish to the department a true and accurate statement, on or before March 15 of each year, except that returns for fiscal years ending on some other date than December 31 shall be furnished on or before the 15th day of the 3rd month following the close of such fiscal year and except that returns for less than a full taxable year shall be furnished on or before the date applicable for federal income taxes under the internal revenue code, in such manner and form and setting forth such facts as the department deems necessary to enforce this chapter. Every

corporation that is required to furnish a statement under this paragraph and that has income that is not taxable under this subchapter shall include with its statement a report that identifies each item of its nontaxable income. The statement shall be subscribed by the president, vice president, treasurer, assistant treasurer, chief accounting officer or any other officer duly authorized so to act. In the case of a return made for a corporation by a fiduciary, the fiduciary shall subscribe the return. The fact that an individual's name is subscribed on the return shall be prima facie evidence that the individual is authorized to subscribe the return on behalf of the corporation.

b0673/1.5 **SECTION 1406c.** 71.44 (1) (e) of the statutes is created to read:

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

b0673/1.6 **9.** Page 682, line 3: after that line insert:

b0673/1.6 "**SECTION 1406mh.** 71.46 (3) of the statutes is repealed.".

b0673/1.7 **10.** Page 689, line 15: after that line insert:

b0673/1.7 "**SECTION 1428m.** 71.48 of the statutes is amended to read:

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

b0759/1.3 **11.** Page 689, line 25: after that line insert:

b0759/1.3 "**SECTION 1430e.** 71.64 (9) (b) (intro.) of the statutes is amended to read:

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71.64 **(9)** (b) (intro.) The department shall from time to time adjust the withholding tables to reflect any changes in income tax rates, any applicable surtax, or any changes in dollar amounts in s. 71.06 (1), (1m), (1n), (1p), (1q), and (2) resulting from statutory changes, except as follows:".

b0759/1.4 **12.** Page 690, line 6: delete "or (1p)" and substitute "~~or~~, (1p), or (1q)".

b0673/1.8 **13.** Page 695, line 14: after that line insert:

b0673/1.8 "**SECTION 1432n.** 71.84 (2) (a) of the statutes is amended to read:

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

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b0673/1.9 **14.** Page 1037, line 5: after that line insert:

b0673/1.9 "(5gk) COMBINED REPORTING. The treatment of sections 71.25 (9) (a), 71.255, 71.26 (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 statutes first applies to taxable years beginning on January 1, 2006.".

insert 3-6A

b0750/1.2 **15.** Page 1038, line 6: after that line insert:

b0750/1.2 "(9m) COMPENSATION DEDUCTION. The treatment of section 71.26 (3) (e) 1. of the statutes first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31 the treatment of section 71.26 (3) (e) 1. of the statutes first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.".

(END)

Insert 3-6b