

2005 DRAFTING REQUEST

Assembly Amendment (AA-AB21)

Received: 08/17/2005

Received By: jkreye

Wanted: Today

Identical to LRB:

For: Debra Towns (608) 266-9650

By/Representing: casey

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - miscellaneous

Extra Copies:

Submit via email: YES

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

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

Pre Topic:

No specific pre topic given

Topic:

Depreciation and expense deductions for farming; technical concerns

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 08/17/2005	kfollett 08/17/2005		_____			
/1			rschluet 08/17/2005	_____	mbarman 08/17/2005	mbarman 08/17/2005	

FE Sent For:

<END>

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/?	jkreye	1/1/05 8/17					
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FE Sent For:

<END>

Kreye, Joseph

From: Walgren, Pamela J
Sent: Wednesday, August 17, 2005 12:06 PM
To: Ourada, Thomas D
Cc: Held, Carol L; Kreye, Joseph
Subject: RE: LRB 05a0899 Topic: Depreciation and expense deductions for farming; technical concerns related to retroactivity

Tom, here are our comments. I am copying Joe Kreye on them.

As drafted, sec. 71.765 would have no effect. P.L. 108-27 allowed increased sec. 179 expensing for taxable years beginning after 2002 and before 2006. Section 201 of P.L. 108-357 extended the increased deduction two more years, to 2008. Therefore, sec. 71.765(1) allows a deduction that would have no benefit since it is based on a provision in P.L. 108-27 that has already expired. Sec. 71.765(2) allows a deduction for future law changes beginning with taxable years on or after January 1, 2009 but the additional benefit in federal law only goes to 2008. We suggest amending these sections as shown in red below.

71.765 (1). For property acquired and placed in service in taxable years beginning after December 31, 2005, and before January 1, 2008, a person who is actively engaged in farming may compute an expense deduction on property used in farming under the federal Internal Revenue Code as amended by section 202 of P.L. 108-27 and section 201 of P.L. 108-357 and as amended to December 31, 2005.

71.765(2). For property acquired and placed in service in taxable years beginning on or after January 1, 2008, a person who is actively engaged in farming may compute an expense deduction on property used in farming under any subsequent change to section 202 of P.L. 108-27 and section 201 of P.L. 108-357. This subsection does not apply unless a federal law change enacted after December 31, 2005, revises section 202 of P.L. 108-27 or section 201 of P.L. 108-357.

From: Ourada, Thomas D
Sent: Wednesday, August 17, 2005 10:31 AM
To: Walgren, Pamela J
Subject: FW: LRB 05a0899 Topic: Depreciation and expense deductions for farming; technical concerns related to retroactivity

Here is the amedment.

From: Langan, Casey [<mailto:Casey.Langan@legis.state.wi.us>]
Sent: Wednesday, August 17, 2005 10:29 AM
To: Ourada, Thomas D
Subject: FW: LRB 05a0899 Topic: Depreciation and expense deductions for farming; technical concerns related to retroactivity

Mr. Ourada,

Attached is the up-to-date version of the amendment to AB 21.

Please let us know the department's stance on the bill in light of the changes.

Best regards,

Casey Langan

Research Assistant

Office of **State Rep. Debi Towns**

P.O. Box 8953 ~ 302 North, State Capitol

Madison, WI 53708

(608) 266-9651

From: Barman, Mike
Sent: Wednesday, August 17, 2005 9:05 AM
To: Rep.Towns
Subject: LRB 05a0899 Topic: Depreciation and expense deductions for farming; technical concerns related to retroactivity

The attached proposal has been jacketed for introduction.

A copy has also been sent to: joseph.kreye@legis.state.wi.us

<< File: LRB a0899_1 >> << File: LRB a0899/1 >>

20900/1

**ASSEMBLY AMENDMENT ,
TO 2005 ASSEMBLY BILL 21**

in 81705
Today
DN

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

2 **1.** Page 2, line 11: delete lines 11 to 18 and substitute:

3 “71.01 (7r) (b) Notwithstanding sub. (6), for property acquired and placed in
4 service in taxable years beginning on or after January 1, 2006, a person who is
5 actively engaged in farming may compute amortization and depreciation on property
6 used in farming under any subsequent change to section 101 of P.L. 107–147 or
7 section 201 of P.L. 108–27 enacted after December 31, 2005. For purposes of this
8 paragraph, “actively engaged in farming” has the meaning given in 7 CFR 1400.201,
9 and “farming” has the meaning given in section 464 (e) (1) of the Internal Revenue
10 Code. This paragraph does not apply unless a federal law change enacted after
11 December 31, 2005, revises section 101 of P.L. 107–147 or section 201 of P.L. 108–27.”.

12 **2.** Page 3, line 12: delete lines 12 to 19 and substitute:

1 “71.26 **(3)** (y) 2. For property acquired and placed in service in taxable years
2 beginning on or after January 1, 2006, a corporation that is actively engaged in
3 farming may compute amortization and depreciation on property used in farming
4 under any subsequent change to section 101 of P.L. 107–147 or section 201 of P.L.
5 108–27 enacted after December 31, 2005. For purposes of this subdivision, “actively
6 engaged in farming” has the meaning given in 7 CFR 1400.201, and “farming” has
7 the meaning given in section 464 (e) (1) of the Internal Revenue Code. This
8 subdivision does not apply unless a federal law change enacted after December 31,
9 2005, revises section 101 of P.L. 107–147 or section 201 of P.L. 108–27.”.

10 **3.** Page 4, line 23: delete the material beginning with that line and ending with
11 page 5, line 5, and substitute:

12 “71.365 **(1m)** (b) For property acquired and placed in service in taxable years
13 beginning on or after January 1, 2006, a tax–option corporation that is actively
14 engaged in farming may compute amortization and depreciation on property used in
15 farming under any subsequent change to section 101 of P.L. 107–147 or section 201
16 of P.L. 108–27 enacted after December 31, 2005. For purposes of this paragraph,
17 “actively engaged in farming” has the meaning given in 7 CFR 1400.201, and
18 “farming” has the meaning given in section 464 (e) (1) of the Internal Revenue Code.
19 This paragraph does not apply unless a federal law change enacted after December
20 31, 2005, revises section 101 of P.L. 107–147 or section 201 of P.L. 108–27.”.

21 **4.** Page 5, line 15: delete the material beginning with that line and ending with
22 page 6, line 5, and substitute:

23 “**71.765 Expense deduction; farming. (1)** For property acquired and placed
24 in service in taxable years beginning after December 31, 2005, and before January

2008

and section 201 of P.L. 108-357

1, ~~2009~~²⁰⁰⁸, a person who is actively engaged in farming may compute an expense deduction on property used in farming under the federal Internal Revenue Code as amended by section 202 of P.L. 108-27 and as amended to December 31, 2005.

(2) For property acquired and placed in service in taxable years beginning on or after January 1, ~~2009~~²⁰⁰⁸, a person who is actively engaged in farming may compute an expense deduction on property used in farming under any subsequent change to section 202 of P.L. 108-27. This subsection does not apply unless a federal law change enacted after December 31, 2005, revises section 202 of P.L. 108-27."

(END)

on section 201 of
P.L. 108-357

D-Note

a 0900/ldy
JK:ky

Date

Towns

Representative Towns:

This amendment incorporates the technical
changes to LRB a 0899/1 suggested by DOR.

JK

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBa0900/1dn
JK:kjfrs

August 17, 2005

Representative Towns:

This amendment incorporates the technical changes to LRBa0899/1 suggested by DOR.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us