

1 ***-1195/3.56*** SECTION 2069. 71.42 (2) (n) of the statutes is amended to read:

2 71.42 (2) (n) For taxable years that begin after December 31, 1999, and before
3 January 1, 2003, "Internal Revenue Code" means the federal Internal Revenue Code
4 as amended to December 31, 1999, excluding sections 103, 104, and 110 of P.L.
5 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66
6 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as
7 amended by P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L.
8 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22,
9 P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a), and 406 of
10 P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,
11 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section
12 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308,
13 316, 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201,
14 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-7, P.L.
15 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
16 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201
17 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.
18 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, and as
19 indirectly affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L.
20 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
21 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
22 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.
23 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections
24 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.
25 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.

1 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of
2 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.
3 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a),
4 and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L.
5 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding
6 section 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311, excluding sections 306, 307,
7 308, 316, 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101,
8 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-7, P.L.
9 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
10 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201
11 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.
12 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, except
13 that "Internal Revenue Code" does not include section 847 of the federal Internal
14 Revenue Code. The Internal Revenue Code applies for Wisconsin purposes at the
15 same time as for federal purposes. Amendments to the federal Internal Revenue
16 Code enacted after December 31, 1999, do not apply to this paragraph with respect
17 to taxable years beginning after December 31, 1999, and before January 1, 2003,
18 except that changes to the Internal Revenue Code made by P.L. 106-230, P.L.
19 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16,
20 excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L.
21 107-147, excluding sections 101, 301 (a), and 406 of P.L. 107-147, P.L. 107-181, P.L.
22 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and
23 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-218,
24 P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311,
25 and P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909,

1 and 910 of P.L. 108-357, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308,
2 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L.
3 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402
4 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and P.L. 109-280, excluding sections
5 811 and 844 of P.L. 109-280, and changes that indirectly affect the provisions
6 applicable to this subchapter made by P.L. 106-230, P.L. 106-554, excluding sections
7 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L.
8 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections
9 101, 301 (a), and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L.
10 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L.
11 108-121, excluding section 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311,
12 excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, and P.L.
13 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910
14 of P.L. 108-357, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310,
15 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135,
16 excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e),
17 (j), and (q), and 405 of P.L. 109-135, and P.L. 109-280, excluding sections 811 and 844
18 of P.L. 109-280, apply for Wisconsin purposes at the same time as for federal
19 purposes.

20 *-1195/3.57* SECTION 2070. 71.42 (2) (o) of the statutes is amended to read:

21 71.42 (2) (o) For taxable years that begin after December 31, 2002, and before
22 January 1, 2004, "Internal Revenue Code" means the federal Internal Revenue Code
23 as amended to December 31, 2002, excluding sections 103, 104, and 110 of P.L.
24 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,
25 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 106-519,

1 sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, and
2 ~~section sections 101 and 301 (a)~~ of P.L. 107-147, and as amended by P.L. 108-27,
3 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section
4 109 of P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L.
5 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and
6 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336,
7 337, 422, 847, 909, and 910 of P.L. 108-357, and P.L. 108-375, P.L. 109-7, P.L.
8 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
9 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201
10 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.
11 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, and as
12 indirectly affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L.
13 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
14 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
15 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.
16 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections
17 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.
18 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.
19 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of
20 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.
21 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding ~~section sections 101 and~~
22 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L.
23 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding
24 section 109 of P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173,
25 P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401,

1 and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244,
2 336, 337, 422, 847, 909, and 910 of P.L. 108-357, and P.L. 108-375, P.L. 109-7, P.L.
3 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
4 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201
5 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.
6 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, except
7 that "Internal Revenue Code" does not include section 847 of the federal Internal
8 Revenue Code. The Internal Revenue Code applies for Wisconsin purposes at the
9 same time as for federal purposes. Amendments to the federal Internal Revenue
10 Code enacted after December 31, 2002, do not apply to this paragraph with respect
11 to taxable years beginning after December 31, 2002, and before January 1, 2004,
12 except that changes to the Internal Revenue Code made by P.L. 108-27, excluding
13 sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L.
14 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L.
15 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L.
16 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847,
17 909, and 910 of P.L. 108-357, and P.L. 108-375, P.L. 109-7, P.L. 109-58, excluding
18 sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351
19 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to
20 section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and P.L.
21 109-280, excluding sections 811 and 844 of P.L. 109-280, and changes that indirectly
22 affect the provisions applicable to this subchapter made by P.L. 108-27, excluding
23 sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L.
24 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L.
25 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L.

1 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847,
2 909, and 910 of P.L. 108-357, and P.L. 108-375, P.L. 109-7, P.L. 109-58, excluding
3 sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351
4 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to
5 section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and P.L.
6 109-280, excluding sections 811 and 844 of P.L. 109-280, apply for Wisconsin
7 purposes at the same time as for federal purposes.

8 ***-1195/3.58* SECTION 2071.** 71.42 (2) (p) of the statutes is amended to read:

9 71.42 (2) (p) For taxable years that begin after December 31, 2003, and before
10 January 1, 2005, "Internal Revenue Code" means the federal Internal Revenue Code
11 as amended to December 31, 2003, excluding sections 103, 104, and 110 of P.L.
12 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,
13 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 106-519,
14 sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, section
15 sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27,
16 section 109 of P.L. 108-121, and section 1201 of P.L. 108-173, and as amended by P.L.
17 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and
18 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336,
19 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, and P.L. 108-476, P.L.
20 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325,
21 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73, excluding section 301
22 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to
23 section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-227,
24 and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, and as indirectly
25 affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L.

1 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and
2 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections
3 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L.
4 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202
5 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L.
6 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L.
7 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554,
8 P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L.
9 107-116, P.L. 107-134, P.L. 107-147, excluding section sections 101 and 301 (a) of
10 P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,
11 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section
12 109 of P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L.
13 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and
14 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336,
15 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, and P.L. 108-476, P.L.
16 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325,
17 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73, excluding section 301
18 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to
19 section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-227,
20 and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, except that
21 "Internal Revenue Code" does not include section 847 of the federal Internal Revenue
22 Code. The Internal Revenue Code applies for Wisconsin purposes at the same time
23 as for federal purposes. Amendments to the federal Internal Revenue Code enacted
24 after December 31, 2003, do not apply to this paragraph with respect to taxable years
25 beginning after December 31, 2003, and before January 1, 2005, except that changes

SECTION 2071

1 to the Internal Revenue Code made by P.L. 108-203, P.L. 108-218, P.L. 108-311,
2 excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,
3 excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.
4 108-357, P.L. 108-375, and P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections
5 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.
6 109-58, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding
7 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and
8 (q), and 405 of P.L. 109-135, P.L. 109-227, and P.L. 109-280, excluding sections 811
9 and 844 of P.L. 109-280, and changes that indirectly affect the provisions applicable
10 to this subchapter made by P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding
11 sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding
12 sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L.
13 108-375, and P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308,
14 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L.
15 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101,
16 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of
17 P.L. 109-135, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.
18 109-280, apply for Wisconsin purposes at the same time as for federal purposes.

19 *-1195/3.59* SECTION 2072. 71.42 (2) (q) of the statutes is amended to read:

20 71.42 (2) (q) For taxable years that begin after December 31, 2004, and before
21 January 1, 2006, "Internal Revenue Code" means the federal Internal Revenue Code
22 as amended to December 31, 2004, excluding sections 103, 104, and 110 of P.L.
23 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,
24 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3,
25 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section

1 431 of P.L. 107-16, section sections 101 and 301 (a) of P.L. 107-147, sections 106, 201,
2 and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and
3 403 (a) of P.L. 108-311, and sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909,
4 and 910 of P.L. 108-357, and as amended by P.L. 109-7, P.L. 109-58, excluding
5 sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351
6 of P.L. 109-58, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135,
7 excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e),
8 (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections
9 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280,
10 excluding sections 811 and 844 of P.L. 109-280, and as indirectly affected by P.L.
11 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L.
12 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L.
13 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150
14 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
15 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f),
16 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L.
17 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L.
18 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15,
19 P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L.
20 107-134, P.L. 107-147, excluding section sections 101 and 301 (a) of P.L. 107-147,
21 P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding
22 sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding
23 section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding
24 sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding
25 sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L.

1 108-375, and P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308,
2 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L.
3 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101,
4 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of
5 P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512,
6 and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and
7 844 of P.L. 109-280, except that "Internal Revenue Code" does not include section
8 847 of the federal Internal Revenue Code. The Internal Revenue Code applies for
9 Wisconsin purposes at the same time as for federal purposes. Amendments to the
10 federal Internal Revenue Code enacted after December 31, 2004, do not apply to this
11 paragraph with respect to taxable years beginning after December 31, 2004, and
12 before January 1, 2006, except that changes to the Internal Revenue Code made by
13 P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325,
14 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73, excluding section 301
15 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to
16 section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151,
17 P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L.
18 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, and
19 changes that indirectly affect the provisions applicable to this subchapter made by
20 P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325,
21 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73, excluding section 301
22 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to
23 section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151,
24 P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L.

1 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, apply for
2 Wisconsin purposes at the same time as for federal purposes.

3 ***-1195/3.60*** SECTION 2073. 71.42 (2) (r) of the statutes is created to read:

4 71.42 (2) (r) For taxable years that begin after December 31, 2005, and before
5 January 1, 2007, "Internal Revenue Code" means the federal Internal Revenue Code
6 as amended to December 31, 2005, excluding sections 103, 104, and 110 of P.L.
7 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,
8 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3,
9 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section
10 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and
11 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403
12 (a) of P.L. 108-311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910
13 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326,
14 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301
15 of P.L. 109-73, and sections 101, 105, 201 (a) as it relates to section 1400S (a), 402
16 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and as amendeded by P.L. 109-222,
17 excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and
18 P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, and as indirectly
19 affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L.
20 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and
21 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections
22 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L.
23 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202
24 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L.
25 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L.

1 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554,
2 P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L.
3 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L.
4 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,
5 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173,
6 excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311,
7 excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,
8 excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.
9 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections
10 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.
11 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding
12 section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it
13 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L.
14 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L.
15 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.
16 109-280, except that "Internal Revenue Code" does not include section 847 of the
17 federal Internal Revenue Code. The Internal Revenue Code applies for Wisconsin
18 purposes at the same time as for federal purposes. Amendments to the federal
19 Internal Revenue Code enacted after December 31, 2005, do not apply to this
20 paragraph with respect to taxable years beginning after December 31, 2005, and
21 before January 1, 2007, except that changes to the Internal Revenue Code made by
22 P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L.
23 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, and
24 changes that indirectly affect the provisions applicable to this subchapter made by
25 P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L.

1 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, apply for
2 Wisconsin purposes at the same time as for federal purposes.

3 ***-1195/3.61* SECTION 2074.** 71.42 (2) (s) of the statutes is created to read:

4 71.42 (2) (s) For taxable years that begin after December 31, 2006, "Internal
5 Revenue Code" means the federal Internal Revenue Code as amended to
6 December 31, 2006, excluding sections 103, 104, and 110 of P.L. 102-227, sections
7 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b),
8 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L.
9 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L.
10 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L.
11 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L.
12 108-311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.
13 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
14 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L.
15 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e),
16 (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, 512, and 513 of P.L.
17 109-222, sections 811 and 844 of P.L. 109-280, and P.L. 109-432, and as indirectly
18 affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L.
19 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and
20 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections
21 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L.
22 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202
23 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L.
24 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L.
25 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554,

1 P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L.
2 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L.
3 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,
4 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173,
5 excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311,
6 excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,
7 excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.
8 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections
9 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.
10 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding
11 section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it
12 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L.
13 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L.
14 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.
15 109-280, except that "Internal Revenue Code" does not include section 847 of the
16 federal Internal Revenue Code. The Internal Revenue Code applies for Wisconsin
17 purposes at the same time as for federal purposes. Amendments to the federal
18 Internal Revenue Code enacted after December 31, 2006, do not apply to this
19 paragraph with respect to taxable years beginning after December 31, 2006.

20 *-1195/3.62* SECTION 2075. 71.44 (3) of the statutes is amended to read:

21 71.44 (3) EXTENSIONS. In the case of a corporation required to file a return,
22 when sufficient reason is shown, the department of revenue may on written request
23 shall allow an automatic extension of 30 days 7 months or until the original due date
24 of the corporation's corresponding federal return, whichever is later, ~~if the~~
25 ~~corporation has not received an extension on its federal return.~~ Any extension of time

1 granted by law or by the internal revenue service for the filing of corresponding
2 federal returns shall extend the time for filing under this subchapter to 30 days after
3 the federal due date if ~~a copy of any extension requested of the internal revenue~~
4 ~~service is filed with~~ the corporation reports the extension in the manner specified by
5 the department on the return. ~~Termination of an automatic extension by the internal~~
6 ~~revenue service, or its refusal to grant such automatic extension, shall similarly~~
7 ~~require that any returns due under this subchapter are due on or before 30 days after~~
8 ~~the date for termination fixed by the internal revenue service.~~ Except for payments
9 of estimated taxes, income or franchise taxes payable upon the filing of the tax return
10 shall not become delinquent during such extension period, but shall be subject to
11 interest at the rate of 12% per year during such period.

12 ***-1410/3.9* SECTION 2076.** 71.45 (2) (a) 10. of the statutes is amended to read:

13 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
14 computed under s. 71.47 (1dd) to (1dx), (3n), (3p), (3w), (5b), (5e), (5f), (5g), and (5h),
15 (5i), and (5j) and not passed through by a partnership, limited liability company, or
16 tax-option corporation that has added that amount to the partnership's, limited
17 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)
18 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

****NOTE: This is reconciled s. 71.45 (2) (a) 10. This SECTION has been affected by
drafts with the following LRB numbers: 1410/2, 1502/1, 1822/1, and 0724/1.

19 ***-0486/1.17* SECTION 2077.** 71.47 (1dj) (am) 4h. of the statutes is amended to
20 read:

21 71.47 (1dj) (am) 4h. Modify section 51 (a) of the internal revenue code so that
22 the amount of the credit is 25% of the qualified first-year wages if the wages are paid
23 to an applicant for a Wisconsin works Works employment position for service either

1 in an unsubsidized position or in a trial job position under s. 49.147 (3) or (3m) and
2 so that the amount of the credit is 20% of the qualified first-year wages if the wages
3 are not paid to such an applicant.

4 ***-0486/1.18* SECTION 2078.** 71.47 (1dx) (a) 5. of the statutes is amended to
5 read:

6 71.47 (1dx) (a) 5. "Member of a targeted group" means a person who resides
7 in an area designated by the federal government as an economic revitalization area,
8 a person who is employed in an unsubsidized job but meets the eligibility
9 requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position,
10 a person who is employed in a trial job, as defined in s. 49.141 (1) (n), or in a real work,
11 real pay project position under s. 49.147 (3m), a person who is eligible for child care
12 assistance under s. 49.155, a person who is a vocational rehabilitation referral, an
13 economically disadvantaged youth, an economically disadvantaged veteran, a
14 supplemental security income recipient, a general assistance recipient, an
15 economically disadvantaged ex-convict, a qualified summer youth employee, as
16 defined in 26 USC 51 (d) (7), a dislocated worker, as defined in 29 USC 2801 (9), or
17 a food stamp recipient, if the person has been certified in the manner under sub. (1dj)
18 (am) 3. by a designated local agency, as defined in sub. (1dj) (am) 2.

19 ***-0486/1.19* SECTION 2079.** 71.47 (1dx) (b) 2. of the statutes is amended to
20 read:

21 71.47 (1dx) (b) 2. The amount determined by multiplying the amount
22 determined under s. 560.785 (1) (b) by the number of full-time jobs created in a
23 development zone and filled by a member of a targeted group and by then subtracting
24 the subsidies paid under s. 49.147 (3) (a) or the subsidies and reimbursements paid
25 under s. 49.147 (3m) (c) for those jobs.

1 ***-0486/1.20* SECTION 2080.** 71.47 (1dx) (b) 3. of the statutes is amended to
2 read:

3 71.47 (1dx) (b) 3. The amount determined by multiplying the amount
4 determined under s. 560.785 (1) (c) by the number of full-time jobs created in a
5 development zone and not filled by a member of a targeted group and by then
6 subtracting the subsidies paid under s. 49.147 (3) (a) or the subsidies and
7 reimbursements paid under s. 49.147 (3m) (c) for those jobs.

8 ***-0486/1.21* SECTION 2081.** 71.47 (1dx) (b) 4. of the statutes is amended to
9 read:

10 71.47 (1dx) (b) 4. The amount determined by multiplying the amount
11 determined under s. 560.785 (1) (bm) by the number of full-time jobs retained, as
12 provided in the rules under s. 560.785, excluding jobs for which a credit has been
13 claimed under sub. (1dj), in an enterprise development zone under s. 560.797 and for
14 which significant capital investment was made and by then subtracting the
15 subsidies paid under s. 49.147 (3) (a) or the subsidies and reimbursements paid
16 under s. 49.147 (3m) (c) for those jobs.

17 ***-0486/1.22* SECTION 2082.** 71.47 (1dx) (b) 5. of the statutes is amended to
18 read:

19 71.47 (1dx) (b) 5. The amount determined by multiplying the amount
20 determined under s. 560.785 (1) (c) by the number of full-time jobs retained, as
21 provided in the rules under s. 560.785, excluding jobs for which a credit has been
22 claimed under sub. (1dj), in a development zone and not filled by a member of a
23 targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) or
24 the subsidies and reimbursements paid under s. 49.147 (3m) (c) for those jobs.

25 ***-1822/2.5* SECTION 2083.** 71.47 (3p) of the statutes is created to read:

1 71.47 (3p) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT. (a) *Definitions.*

2 In this subsection:

3 1. "Claimant" means a person who files a claim under this subsection.

4 2. "Dairy manufacturing" means processing milk into dairy products or
5 processing dairy products for sale commercially.

6 3. "Dairy manufacturing modernization or expansion" means constructing,
7 improving, or acquiring buildings or facilities, or acquiring equipment, for dairy
8 manufacturing, including the following, if used exclusively for dairy manufacturing
9 and if acquired and placed in service in this state during taxable years that begin
10 after December 31, 2006, and before January 1, 2015:

11 a. Building construction, including storage and warehouse facilities.

12 b. Building additions.

13 c. Upgrades to utilities, including water, electric, heat, and waste facilities.

14 d. Milk intake and storage equipment.

15 e. Processing and manufacturing equipment, including pipes, motors, pumps,
16 valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and
17 churns.

18 f. Packaging and handling equipment, including sealing, bagging, boxing,
19 labeling, conveying, and product movement equipment.

20 g. Warehouse equipment, including storage racks.

21 h. Waste treatment and waste management equipment, including tanks,
22 blowers, separators, dryers, digesters, and equipment that uses waste to produce
23 energy, fuel, or industrial products.

1 i. Computer software and hardware used for managing the claimant's dairy
2 manufacturing operation, including software and hardware related to logistics,
3 inventory management, and production plant controls.

4 4. "Used exclusively" means used to the exclusion of all other uses except for
5 use not exceeding 5 percent of total use.

6 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
7 taxable years beginning after December 31, 2006, and before January 1, 2015, a
8 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
9 amount of the tax, an amount equal to 10 percent of the amount the claimant paid
10 in the taxable year for dairy manufacturing modernization or expansion related to
11 the claimant's dairy manufacturing operation.

12 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
13 amount that the claimant paid for expenses described under par. (b) that the
14 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

15 2. The aggregate amount of credits that a claimant may claim under this
16 subsection is \$200,000.

17 3. Partnerships, limited liability companies, and tax-option corporations may
18 not claim the credit under this subsection, but the eligibility for, and the amount of,
19 the credit are based on their payment of expenses under par. (b), except that the
20 aggregate amount of credits that the entity may compute shall not exceed \$200,000.

21 A partnership, limited liability company, or tax-option corporation shall compute
22 the amount of credit that each of its partners, members, or shareholders may claim
23 and shall provide that information to each of them. Partners, members of limited
24 liability companies, and shareholders of tax-option corporations may claim the
25 credit in proportion to their ownership interest.

1 4. If 2 or more persons own and operate the dairy manufacturing operation,
2 each person may claim a credit under par. (b) in proportion to his or her ownership
3 interest, except that the aggregate amount of the credits claimed by all persons who
4 own and operate the farm shall not exceed \$200,000.

5 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
6 s. 71.28 (4), applies to the credit under this subsection.

7 ***-0722/2.21* SECTION 2084.** 71.47 (3w) (a) 5m. of the statutes is created to
8 read:

9 71.47 (3w) (a) 5m. "Wages" means wages under section 3306 (b) of the Internal
10 Revenue Code, determined without regard to any dollar limitations.

11 ***-0722/2.22* SECTION 2085.** 71.47 (3w) (a) 6. of the statutes is amended to
12 read:

13 71.47 (3w) (a) 6. "Zone payroll" means the amount of state payroll that is
14 attributable to ~~compensation~~ wages paid to individuals full-time employees for
15 services that are performed in ~~a~~ an enterprise zone. "Zone payroll" does not include
16 the amount of ~~compensation~~ wages paid to any individuals full-time employees that
17 exceeds \$100,000.

18 ***-0722/2.23* SECTION 2086.** 71.47 (3w) (b) 1. a. of the statutes is amended to
19 read:

20 71.47 (3w) (b) 1. a. ~~The claimant's zone payroll in the taxable year, minus the~~
21 ~~claimant's zone payroll~~ number of full-time employees whose annual wages are
22 greater than \$30,000 and who the claimant employed in the enterprise zone in the
23 taxable year, minus the number of full-time employees whose annual wages were
24 greater than \$30,000 and who the claimant employed in the area that comprises the
25 enterprise zone in the base year.

1 ***-0722/2.24*** SECTION 2087. 71.47 (3w) (b) 1. b. of the statutes is amended to
2 read:

3 71.47 (3w) (b) 1. b. The claimant's state payroll in the taxable year, minus the
4 claimant's state payroll number of full-time employees whose annual wages are
5 greater than \$30,000 and who the claimant employed in the state in the taxable year,
6 minus the number of full-time employees whose annual wages were greater than
7 \$30,000 and who the claimant employed in the state in the base year.

8 ***-0722/2.25*** SECTION 2088. 71.47 (3w) (b) 2. of the statutes is amended to
9 read:

10 71.47 (3w) (b) 2. ~~Subtract the number of~~ Determine the claimant's average
11 zone payroll by dividing total wages for full-time employees that whose annual
12 wages are greater than \$30,000 and who the claimant employed in the area that
13 comprises the enterprise zone in the base taxable year from ~~by~~ the number of
14 full-time employees ~~that whose annual wages are greater than \$30,000 and who the~~
15 claimant employed in the enterprise zone in the taxable year.

16 ***-0722/2.26*** SECTION 2089. 71.47 (3w) (b) 3. of the statutes is amended to
17 read:

18 71.47 (3w) (b) 3. ~~Multiply~~ Subtract \$30,000 from the amount determined under
19 subd. 2., ~~but not an amount less than zero, by \$30,000.~~

20 ***-0722/2.27*** SECTION 2090. 71.47 (3w) (b) 4. of the statutes is amended to
21 read:

22 71.47 (3w) (b) 4. ~~Subtract~~ Multiply the amount determined under subd. 3. ~~from~~
23 by the amount determined under subd. 1.

24 ***-0722/2.28*** SECTION 2091. 71.47 (3w) (bm) (intro.) and 4. of the statutes are
25 consolidated, renumbered 71.47 (3w) (bm) and amended to read:

1 71.47 (3w) (bm) *Filing supplemental claims.* In addition to the credit under
2 par. (b) and subject to the limitations provided in this subsection and s. 560.799, a
3 claimant may claim as a credit against the tax imposed under s. 71.43 an amount
4 equal to all of the following: 4. ~~The~~ the amount the claimant paid in the taxable year
5 to upgrade or improve the job-related skills of any of the claimant's full-time
6 employees, to train any of the claimant's full-time employees on the use of
7 job-related new technologies, or to ~~train~~ provide job-related training to any
8 full-time employee whose employment with the claimant represents the employee's
9 first full-time job. This subdivision does not apply to employees who do not work in
10 ~~a~~ an enterprise zone.

11 *~~-0722/2.29~~* SECTION 2092. 71.47 (3w) (bm) 3. of the statutes is repealed.

12 *~~-0722/2.30~~* SECTION 2093. 71.47 (3w) (d) of the statutes is amended to read:

13 71.47 (3w) (d) *Administration.* Section 71.28 (4) (g) and (h), as it applies to the
14 credit under s. 71.28 (4), applies to the credit under this subsection. Claimants shall
15 include with their returns a copy of their certification for tax benefits, and a copy of
16 the verification of their expenses, from the department of commerce.

17 *~~-1361/4.5~~* SECTION 2094. 71.47 (5b) (c) 1. of the statutes is amended to read:

18 71.47 (5b) (c) 1. The ~~Except as provided in s. 73.03 (63),~~ the maximum amount
19 of the credits that may be claimed under this subsection and ss. 71.07 (5b) and 71.28
20 (5b) for all taxable years combined is ~~\$35,000,000~~ \$52,500,000.

21 *~~-0724/2.6~~* SECTION 2095. 71.47 (5b) (d) of the statutes is renumbered 71.47
22 (5b) (d) 1.

23 *~~-0724/2.7~~* SECTION 2096. 71.47 (5b) (d) 2. of the statutes is created to read:

24 71.47 (5b) (d) 2. The Wisconsin adjusted basis of any investment for which a
25 credit is claimed under par. (b) shall be reduced by the amount of the credit that is

1 offset against Wisconsin income taxes. The Wisconsin basis of a partner's interest
2 in a partnership, a member's interest in a limited liability company, or stock in a
3 tax-option corporation shall be adjusted to reflect adjustments made under this
4 subdivision.

5 ***-0728/6.12* SECTION 2097.** 71.47 (5e) (b) of the statutes is amended to read:

6 71.47 (5e) (b) *Filing claims.* Subject to the limitations provided in this
7 subsection and subject to 2005 Wisconsin Act 479, section 17, beginning in the first
8 taxable year following the taxable year in which the claimant claims ~~an exemption~~
9 a deduction under s. ~~77.54 (48)~~ 77.585 (9), a claimant may claim as a credit against
10 the taxes imposed under s. 71.43, up to the amount of those taxes, in each taxable
11 year for 2 years, the amount certified by the department of commerce that the
12 claimant claimed as ~~an exemption~~ a deduction under s. ~~77.54 (48)~~ 77.585 (9).

13 ***-0728/6.13* SECTION 2098.** 71.47 (5e) (c) 1. of the statutes is amended to read:

14 71.47 (5e) (c) 1. No credit may be allowed under this subsection unless the
15 claimant satisfies the requirements under s. ~~77.54 (48)~~ 77.585 (9).

16 ***-0728/6.14* SECTION 2099.** 71.47 (5e) (c) 3. of the statutes is amended to read:

17 71.47 (5e) (c) 3. The total amount of the credits and ~~exemptions~~ deductions that
18 may be claimed by all claimants under this subsection and ss. 71.07 (5e), 71.28 (5e),
19 and ~~77.54 (48)~~ 77.585 (9) is \$7,500,000, as determined by the department of
20 commerce.

21 ***-0720/1.9* SECTION 2100.** 71.47 (5h) (a) 4. of the statutes is amended to read:

22 71.47 (5h) (a) 4. "Previously owned property" means real property that the
23 claimant or a related person owned during the 2 years prior to doing business in this
24 state as a film production company and for which the claimant may not deduct a loss
25 from the sale of the property to, or an exchange of the property with, the related

1 person under section 267 of the Internal Revenue Code, except that section 267 of the
2 Internal Revenue Code is modified so that if the claimant owns any part of the
3 property, rather than 50 percent ownership, the claimant is subject to section 267 of
4 the Internal Revenue Code for purposes of this subsection.

5 ***-0720/1.10* SECTION 2101.** 71.47 (5h) (c) 2. of the statutes is amended to read:

6 71.47 (5h) (c) 2. A claimant may claim the credit under par. (b) 2. for an amount
7 expended to construct, rehabilitate, remodel, or repair real property, if the claimant
8 began the physical work of construction, rehabilitation, remodeling, or repair, or any
9 demolition or destruction in preparation for the physical work, after December 31,
10 2007, ~~or if~~ and the completed project is placed in service after December 31, 2007.

11 ***-0720/1.11* SECTION 2102.** 71.47 (5h) (c) 3. of the statutes is amended to read:

12 71.47 (5h) (c) 3. A claimant may claim the credit under par. (b) 2. for an amount
13 expended to acquire real property, if the property is not previously owned property
14 and if the claimant acquires the property after December 31, 2007, ~~or if~~ and the
15 completed project is placed in service after December 31, 2007.

16 ***-1502/2.6* SECTION 2103.** 71.47 (5i) of the statutes is created to read:

17 71.47 (5i) ELECTRONIC MEDICAL RECORDS CREDIT. (a) *Definitions.* In this
18 subsection, "claimant" means a person who files a claim under this subsection.

19 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
20 taxable years beginning after December 31, 2008, a claimant may claim as a credit
21 against the taxes imposed under s. 71.43, up to the amount of those taxes, an amount
22 equal to 50 percent of the amount the claimant paid in the taxable year for
23 information technology hardware or software that is used to maintain medical
24 records in electronic form, if the claimant is a health care provider, as defined in s.
25 146.81 (1).

1 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
2 under this subsection and ss. 71.07 (5i) and 71.28 (5i) in a taxable year is
3 \$10,000,000, as allocated under s. 560.204.

4 2. Partnerships, limited liability companies, and tax-option corporations may
5 not claim the credit under this subsection, but the eligibility for, and the amount of,
6 the credit are based on their payment of amounts under par. (b). A partnership,
7 limited liability company, or tax-option corporation shall compute the amount of
8 credit that each of its partners, members, or shareholders may claim and shall
9 provide that information to each of them. Partners, members of limited liability
10 companies, and shareholders of tax-option corporations may claim the credit in
11 proportion to their ownership interests.

12 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
13 s. 71.28 (4), applies to the credit under this subsection.

14 ***-1410/3.10* SECTION 2104.** 71.47 (5j) of the statutes is created to read:

15 71.47 (5j) ETHANOL AND BIODIESEL FUEL PUMP CREDIT. (a) *Definitions.* In this
16 subsection:

- 17 1. "Biodiesel fuel" has the meaning given in s. 168.14 (2m) (a).
- 18 2. "Claimant" means a person who files a claim under this subsection.
- 19 3. "Motor vehicle fuel" has the meaning given in s. 78.005 (13).

20 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
21 taxable years beginning after December 31, 2007, and before January 1, 2018, a
22 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
23 amount of the taxes, an amount that is equal to 25 percent of the amount that the
24 claimant paid in the taxable year to install or retrofit pumps located in this state that

1 dispense motor vehicle fuel consisting of at least 85 percent ethanol or at least 20
2 percent biodiesel fuel.

3 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may
4 claim under this subsection in a taxable year is an amount that is equal to \$5,000 per
5 installed or retrofitted pump that is used as the basis for the credit claimed under
6 par. (b).

7 2. Partnerships, limited liability companies, and tax-option corporations may
8 not claim the credit under this subsection, but the eligibility for, and the amount of,
9 the credit are based on their payment of amounts under par. (b). A partnership,
10 limited liability company, or tax-option corporation shall compute the amount of
11 credit that each of its partners, members, or shareholders may claim and shall
12 provide that information to each of them. Partners, members of limited liability
13 companies, and shareholders of tax-option corporations may claim the credit in
14 proportion to their ownership interests.

15 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
16 s. 71.28 (4), applies to the credit under this subsection.

17 ***-1822/2.6* SECTION 2105.** 71.49 (1) (dd) of the statutes is created to read:
18 71.49 (1) (dd) Dairy manufacturing facility investment credit under s. 71.47
19 (3p).

20 ***-1410/3.11* SECTION 2106.** 71.49 (1) (ds) of the statutes is created to read:
21 71.49 (1) (ds) Ethanol and biodiesel fuel pump credit under s. 71.47 (5j).

22 ***-1502/2.7* SECTION 2107.** 71.49 (1) (epa) of the statutes is created to read:
23 71.49 (1) (epa) Electronic medical records credit under s. 71.47 (5i).

24 ***-0720/1.12* SECTION 2108.** 71.49 (1) (epp) of the statutes is renumbered 71.49
25 (1) (eps) and amended to read:

1 71.49 (1) (eps). Film production services credit under s. 71.47 (5f) (b) 1. and 3.

2 *-0720/1.13* SECTION 2109. 71.49 (1) (f) of the statutes is amended to read:

3 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
4 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
5 s. 71.47 (2m), enterprise zone jobs credit under s. 71.47 (3w), film production services
6 credit under s. 71.28 (5f) (b) 2., and estimated tax payments under s. 71.48.

7 *-1302/1.1* SECTION 2110. 71.54 (2m) of the statutes is created to read:

8 71.54 (2m) INDEXING FOR INFLATION; 2008 AND THEREAFTER. (a) For taxable years
9 beginning after December 31, 2007, the dollar amount for the maximum household
10 income under sub. (1) (f) 3. shall be increased each year by a percentage equal to the
11 percentage change between the U.S. consumer price index for all urban consumers,
12 U.S. city average, for the month of August of the previous year and the U.S. consumer
13 price index for all urban consumers, U.S. city average, for the month of August 2006,
14 as determined by the federal department of labor. The amount that is revised under
15 this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount
16 is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount
17 shall be increased to the next higher multiple of \$10. The department of revenue
18 shall annually adjust the changes in dollar amounts required under this paragraph
19 and incorporate the changes into the income tax forms and instructions.

20 (b) The department of revenue shall annually adjust the slope under sub. (1)
21 (f) 2. such that as a claimant's income increases from the threshold income under sub.
22 (1) (f) 1. and 2., to an amount that exceeds the maximum household income as
23 calculated under par. (a), the credit that may be claimed is reduced to \$0 and the
24 department of revenue shall incorporate the changes into the income tax forms and
25 instructions.

1 *-1465/2.1* SECTION 2111. 71.60 (1) (b) of the statutes is amended to read:

2 71.60 (1) (b) The credit allowed under this subchapter shall be limited to 90%
3 of the first \$2,000 of excessive property taxes plus 70% of the 2nd \$2,000 of excessive
4 property taxes plus 50% of the 3rd \$2,000 of excessive property taxes. The maximum
5 credit shall not exceed \$4,200 for any claimant. The credit for any claimant shall be
6 the greater of either the credit as calculated under this subchapter as it exists at the
7 end of the year for which the claim is filed or as it existed on the date on which the
8 farmland became subject to a current agreement under subch. II ~~or~~ III of ch. 91 or
9 under subch. III of ch. 91, 2005 stats., using for such calculations household income
10 and property taxes accrued of the year for which the claim is filed.

11 *-1465/2.2* SECTION 2112. 71.60 (1) (c) 3. of the statutes is amended to read:

12 71.60 (1) (c) 3. If the claimant or any member of the claimant's household owns
13 farmland which is ineligible for credit under subd. 1. or 2. but was subject to a
14 farmland preservation agreement under subch. III of ch. 91, 2005 stats., on July 1
15 of the year for which credit is claimed, or the owner had applied for such an
16 agreement before July 1 of such year and the agreement has subsequently been
17 executed, and if the owner has applied by the end of the year in which conversion
18 under s. 91.41, 2005 stats., is first possible for conversion of the agreement to a
19 transition area agreement under subch. II of ch. 91, and the transition area
20 agreement has subsequently been executed, and the farmland is located in a city or
21 village which has a certified exclusive agricultural use zoning ordinance under
22 subch. V of ch. 91 in effect at the close of the year for which credit is claimed, or in
23 a town which is subject to a certified county exclusive agricultural use zoning
24 ordinance under subch. V of ch. 91 in effect at the close of the year for which credit
25 is claimed, the amount of the claim shall be that specified in par. (b).

1 ***-1465/2.3* SECTION 2113.** 71.60 (1) (c) 5. of the statutes is amended to read:

2 71.60 (1) (c) 5. If the claimant or any member of the claimant's household owns
3 farmland which is ineligible for credit under subds. 1. to 4. but was subject to a
4 farmland preservation agreement under subch. III of ch. 91, 2005 stats., on July 1
5 of the year for which credit is claimed, or the owner had applied for such an
6 agreement before July 1 of such year and the agreement has subsequently been
7 executed, and if the owner has applied by the end of the year in which conversion
8 under s. 91.41, 2005 stats., is first possible for conversion of the agreement to an
9 agreement under subch. II of ch. 91, and the agreement under subch. II of ch. 91 has
10 subsequently been executed, the amount of the claim shall be limited to 80% of that
11 specified in par. (b).

12 ***-1465/2.4* SECTION 2114.** 71.60 (1) (c) 8. of the statutes is amended to read:

13 71.60 (1) (c) 8. If the farmland is subject to a farmland preservation agreement
14 under subch. III of ch. 91, 2005 stats., on July 1 of the year for which credit is claimed
15 or the claimant had applied for such an agreement before July 1 of such year and the
16 agreement has subsequently been executed, the amount of the claim shall be limited
17 to 50% of that specified in par. (b).

18 ***-1195/3.63* SECTION 2115.** 71.738 (1d) of the statutes is repealed.

19 ***-1195/3.64* SECTION 2116.** 71.738 (2d) of the statutes is repealed.

20 ***-0891/1.1* SECTION 2117.** 71.74 (14) of the statutes is amended to read:

21 71.74 (14) **ADDITIONAL REMEDY TO COLLECT TAX.** The department may also
22 proceed under s. 71.91 (5) for the collection of any additional assessment of income
23 or franchise taxes or surtaxes, after notice thereof has been given under sub. (11) and
24 before the same shall have become delinquent, when it has reasonable grounds to
25 believe that the collection of such additional assessment will be jeopardized by delay.

1 In such cases notice of the intention to so proceed shall be given by registered mail
2 to the taxpayer, and the warrant of the department shall not issue if the taxpayer
3 within 10 days after such notice furnishes a bond in such amount, not exceeding
4 double the amount of the tax, and with such sureties as the department shall
5 approve, conditioned upon the payment of so much of the additional taxes as shall
6 finally be determined to be due, together with interest thereon as provided by s. 71.82

7 (1) (a). Nothing in this subsection shall affect the review of additional assessments
8 provided by ss. 71.88 (1) (a) and (2) (a), 71.89 (2), 73.01, and 73.015, and any amounts
9 collected under this subsection shall be deposited with the secretary—of
10 administration department and disbursed after final determination of the taxes as
11 are amounts deposited under s. 71.90 (2).

12 ***-1195/3.65* SECTION 2118.** 71.765 of the statutes is repealed.

13 ***-0721/2.1* SECTION 2119.** 71.775 (3) (a) 2. of the statutes is amended to read:

14 71.775 (3) (a) 2. ~~The partner, member, shareholder, or beneficiary has no~~
15 ~~Wisconsin income other than his or her partner's, member's, shareholder's, or~~
16 ~~beneficiary's share of income from the pass-through entity that is attributable to this~~
17 ~~state and his or her share of such income is less than \$1,000.~~

18 ***-0721/2.2* SECTION 2120.** 71.775 (3) (a) 3. of the statutes is created to read:

19 71.775 (3) (a) 3. The nonresident partner, member, shareholder, or beneficiary
20 files an affidavit with the department, in the form and manner prescribed by the
21 department, whereby the nonresident partner, member, shareholder, or beneficiary
22 agrees to file a Wisconsin income or franchise tax return and be subject to the
23 personal jurisdiction of the department, the tax appeals commission, and the courts
24 of this state for the purpose of determining and collecting Wisconsin income and

1 franchise taxes, including estimated tax payments, together with any related
2 interest and penalties.

3 ***-0721/2.3* SECTION 2121.** 71.775 (4) (b) 2. of the statutes is amended to read:

4 71.775 (4) (b) 2. A pass-through entity that pays the tax withheld under sub.
5 ~~(2) as provided under subd. 1. is not subject to an underpayment of estimated tax~~
6 ~~under s. 71.09 or 71.29, if 90 percent of the tax that is due for the current taxable year~~
7 ~~is paid by the unextended due date or if 100 percent of the tax that is due for the~~
8 ~~taxable year immediately preceding the current taxable year is paid by the~~
9 ~~unextended due date and the taxable year immediately preceding the current~~
10 ~~taxable year was a 12-month period. Interest at the rate of 12 percent shall be~~
11 ~~imposed on the unpaid amount of the tax withheld due under sub. (2) during any~~
12 ~~extension period and interest at the rate of 18 percent shall be imposed on the unpaid~~
13 ~~amount of the tax withheld due under sub. (2) for the period beginning with the~~
14 ~~extended due date and ending with the date that the unpaid amount is paid in full.~~

15 ***-0721/2.4* SECTION 2122.** 71.775 (4) (d) of the statutes is amended to read:

16 71.775 (4) (d) A nonresident partner, member, shareholder, or beneficiary of a
17 pass-through entity may claim a credit, as prescribed by the department, on his or
18 her Wisconsin income or franchise tax return for the amount withheld under sub. (2)
19 on his or her behalf for the tax period for which the income of the pass-through entity
20 is reported. For purposes of ~~this paragraph determining whether interest under s.~~
21 ~~71.84 applies to a nonresident partner, member, shareholder, or beneficiary, the~~
22 ~~amount withheld under sub. (2) is considered to be paid on the last day of the~~
23 ~~pass-through entity's taxable year for which the tax is paid in 4 equal quarterly~~
24 installments.

25 ***-0721/2.5* SECTION 2123.** 71.775 (4) (f) of the statutes is amended to read:

1 71.775 (4) (f) If a pass-through entity subject to withholding under this section
 2 fails to ~~withhold pay the tax~~ as required by this section, the pass-through entity shall
 3 be liable for any tax, interest, and penalties. If a nonresident partner, member,
 4 shareholder, or beneficiary of the pass-through entity files a return and pays the tax
 5 due, the pass-through entity shall not be liable for the tax, but shall be liable for any
 6 ~~interest and penalties otherwise applicable for failure to withhold, as the penalty~~
 7 provided under ~~ss. 71.82 (2) (d) and s. 71.83 (1) (a) 1.~~

8 ***-1195/3.66*** SECTION 2124. 71.80 (20) of the statutes is amended to read:

9 71.80 (20) ~~MAGNETIC MEDIA~~ ELECTRONIC FILING. If the internal revenue service
 10 requires a person to file information returns or wage statements on magnetic media
 11 ~~or in other machine-readable form~~ electronically for federal income tax purposes, the
 12 person shall also file the comparable state information returns or wage statements
 13 ~~on magnetic media or in other machine-readable form~~ electronically with the
 14 department of revenue for income or franchise tax purposes.

15 ***-1602/2.1*** SECTION 2125. 71.805 of the statutes is created to read:

16 **71.805 Tax avoidance transactions voluntary compliance program. (1)**

17 DEFINITIONS. In this section:

18 (a) "Tax avoidance transaction" means a transaction, plan, or arrangement
 19 devised for the principal purpose of avoiding federal or Wisconsin income or
 20 franchise tax and that is a reportable transaction as provided under U.S. department
 21 of the treasury regulations. *as of the effective date of this paragraph....*
[revisor inserts date]

22 (b) "Taxpayer" means a person who is subject to the taxes imposed under this
 23 chapter and who has a tax liability attributable to using a tax avoidance transaction
 24 for any taxable year beginning before January 1, 2007.

1 **(2) PENALTY WAIVER OR ABATEMENT.** All of the following apply with regard to a
2 taxpayer who satisfies the conditions under sub. (3):

3 (a) Except as provided under sub. (4) (b), the department shall waive or abate
4 all penalties that are applicable to the underreporting or underpayment of Wisconsin
5 income or franchise taxes attributable to using a tax avoidance transaction for any
6 taxable year for which the taxpayer satisfies the conditions under sub. (3).

7 (b) The department shall not seek a criminal prosecution against the taxpayer
8 with respect to using a tax avoidance transaction for any taxable year for which the
9 taxpayer satisfies the conditions under sub. (3).

10 **(3) TAXPAYER ELIGIBILITY.** A taxpayer is eligible for the benefits described under
11 sub. (2) (a) and (b), if, during the period beginning on October 1, 2007, and ending
12 on December 31, 2007, the taxpayer does the following:

13 (a) Files an amended Wisconsin tax return for each taxable year for which the
14 taxpayer has previously filed a Wisconsin tax return that uses a tax avoidance
15 transaction to underreport the taxpayer's Wisconsin income or franchise tax liability
16 and the amended return reports the total Wisconsin net income and tax for the
17 taxable year, computed without regard to any tax avoidance transaction and without
18 regard to any other adjustment that is unrelated to any tax avoidance transaction.

19 (b) Pays, in full, for each taxable year for which an amended return is filed
20 under par. (a), the entire amount of Wisconsin income or franchise tax and interest
21 due that is attributable to using a tax avoidance transaction.

22 **(4) LIMITATIONS AND ADMINISTRATION.** (a) A taxpayer who receives the benefits
23 described under sub. (2) may not file an appeal or a claim for credit or refund with
24 respect to the tax avoidance transactions for the taxable years for which the taxpayer
25 satisfied the conditions under sub. (3).

1 (b) The department may not waive or abate a penalty as provided under sub.
 2 (2) (a) if the penalty relates to an amount of Wisconsin income and franchise tax that
 3 is attributable to a tax avoidance transaction and assessed or paid prior to October
 4 1, 2007, or after December 31, 2007.

5 (c) Notwithstanding the other provisions of this section, a transaction does not
 6 have to be a reportable transaction as provided under U.S. department of the
 7 treasury regulations in order for the department to examine the transaction with
 8 regard to its principal purpose.

9 (d) A taxpayer who files an amended return under sub. (3) (a) may file a
 10 separate amended return with respect to adjustments that are unrelated to any tax
 11 avoidance transaction.

12 (e) The department shall promulgate rules, publish forms and instructions,
 13 and take any other action necessary to implement and administer this section.

14 *-1602/2.2* SECTION 2126. 71.81 of the statutes is created to read:

15 **71.81 Disclosing reportable transactions. (1) DEFINITIONS.** In this section:

16 (a) "Listed transaction" means any reportable transaction that is the same as,
 17 or substantially similar to, a transaction, plan, or arrangement specifically identified
 18 by the U.S. secretary of the treasury as a ~~tax avoidance~~ ^{materially} transaction for purposes of
 19 section 6011 of the Internal Revenue Code. ^{listed}

20 (b) "Material advisor" means any person who provides any material aid,
 21 assistance, or advice with respect to organizing, managing, promoting, selling,
 22 implementing, insuring, or carrying out any reportable transaction and who, directly
 23 or indirectly, derives gross income from providing such aid, assistance, or advice in
 24 an amount that exceeds the threshold amount.

that occurred on or after January 1, 2002, and that is specifically identified by the U.S. secretary of the treasury as a listed transaction on or after the ^{date} ~~and~~ the transaction occurred

1 (c) "Reportable transaction" means any transaction, plan, or arrangement,
2 including a listed transaction, for which a taxpayer is required to submit information
3 to the department because the taxpayer is required to disclose the transaction, plan,
4 or arrangement for federal income tax purposes, as provided under U.S. department
5 of treasury regulations.

6 (d) "Tax shelter" means any entity, plan, or arrangement, if avoiding or evading
7 federal income tax or Wisconsin income or franchise tax is a significant purpose of
8 the entity, plan, or arrangement.

9 (e) "Threshold amount" means the following:

10 1. In the case of a reportable transaction, not including a listed transaction,
11 from which a substantial part of the tax benefits are provided to an individual,
12 \$50,000.

13 2. In the case of a listed transaction from which a substantial part of the tax
14 benefits are provided to an individual, \$10,000.

15 3. In the case of a reportable transaction, not including a listed transaction,
16 from which a substantial part of the tax benefits are provided to an entity and not
17 an individual, \$250,000.

18 4. In the case of a listed transaction, from which a substantial part of the tax
19 benefits are provided to an entity and not an individual, \$25,000.

20 (2) DISCLOSURE. For each taxable year in which a taxpayer has participated in
21 a reportable transaction, the taxpayer shall file with the department a copy of any
22 form prescribed by the internal revenue service for disclosing a reportable
23 transaction for federal income tax purposes no later than 60 days after the date for
24 which the taxpayer is required to file the form for federal income tax purposes, except
25 that, if the taxpayer has filed a form with the internal revenue service on or before

1 the effective date of this subsection [revisor inserts date], the taxpayer shall file
2 a copy of the form with the department no later than December 31, 2007. The
3 department may require that forms filed with the department under this subsection
4 be filed separately from this state's income or franchise tax return. This subsection
5 applies to any reportable transaction entered into ^{on or} after January 1, 2002, for any
6 taxable year for which the transaction remains undisclosed and for which the statute
7 of limitations on assessment, including any extension provided under sub. (6), has
8 not expired as of the date that is 60 days after the effective date of this subsection
9 [revisor inserts date].

10 (3) PENALTY FOR FAILING TO DISCLOSE. (a) Any taxpayer who does not file the
11 form under sub. (2) and who is required to file the form is subject to the following
12 penalty:

13 1. If the taxpayer participated in a reportable transaction that is not a listed
14 transaction, the lesser of \$15,000 or 10 percent of the tax benefit obtained from the
15 reportable transaction.

16 2. If the taxpayer participated in a listed transaction, \$30,000.

17 (b) The secretary of revenue may waive or abate any penalty imposed under
18 this subsection, or any portion of such penalty, related to a reportable transaction
19 that is not a listed transaction, if the waiver or abatement promotes compliance with
20 this section and effective tax administration.

21 (c) The penalties imposed under this subsection apply to any failure to disclose
22 a listed transaction entered into ^{on or} after January 1, 2002, including transactions that
23 were not listed transactions when entered into, but became listed transactions before
24 the effective date of this paragraph [revisor inserts date], or any other reportable
25 transaction entered into after the effective date of this paragraph [revisor inserts

1 date], for any taxable year for which the statute of limitations on assessment,
2 including any extension under sub. (6), has not expired as of the effective date of this
3 paragraph ... [revisor inserts date].

4 (4) UNDERSTATEMENT PENALTY. (a) If a taxpayer has a reportable transaction
5 understatement, as determined in par. (b), the taxpayer shall pay, in addition to any
6 tax owed with regard to the reportable transaction, an amount equal to either 20
7 percent of the reportable transaction understatement or, in the case of a reportable
8 transaction that is not disclosed as provided in sub. (2), 30 percent of the reportable
9 transaction understatement.

10 (b) A taxpayer has a reportable transaction understatement if the following
11 calculation results in a positive number:

12 1. Multiply the taxpayer's highest applicable tax rate under s. 71.06, 71.27, or
13 71.46, by the amount of any increase in Wisconsin taxable income that results from
14 the difference between the proper tax treatment of a reportable transaction and the
15 taxpayer's treatment of the transaction as shown on the taxpayer's tax return,
16 including any amended return the taxpayer files before the date on which the
17 department first contacts the taxpayer regarding an examination of the taxable year
18 for which the amended return is filed. For purposes of this subdivision, the amount
19 of any increase in Wisconsin taxable income for a taxable year includes any reduction
20 in the amount of loss available for carry-forward to the subsequent year.

21 2. Add the amount determined under subd. 1. to the amount of any decrease
22 in the aggregate amount of Wisconsin income or franchise tax credits that results
23 from the difference between the proper tax treatment of a reportable transaction and
24 the taxpayer's treatment of the transaction as shown on the taxpayer's tax return.

1 (c) The secretary of revenue may waive or abate any penalty imposed under this
 2 subsection, or any portion of such penalty, if the taxpayer demonstrates to the
 3 department that the taxpayer had reasonable cause to act the way the taxpayer did,
 4 and in good faith, with regard to the tax treatment for which the taxpayer is subject
 5 to a penalty under this subsection and all facts relevant to the tax treatment are
 6 adequately disclosed in the filing under sub. (2), except that, if the taxpayer does not
 7 fully disclose such facts under sub. (2), the taxpayer's penalty may be waived or
 8 abated under this paragraph if the taxpayer demonstrates to the department that
 9 the taxpayer reasonably believed that the tax treatment for which the taxpayer is
 10 subject to a penalty under this subsection was more likely than not the proper
 11 treatment and substantial authority exists or existed for the tax treatment for which
 12 the taxpayer is subject to a penalty under this subsection.

13 ^{INSERT} 344-12 (5) ADDITIONAL UNDERSTATEMENT PENALTY. (a) 1. A taxpayer who files an
 14 amended return after December 31, 2007, and before the taxpayer is contacted by the
 15 internal revenue service or the department regarding a reportable transaction is
 16 subject to a penalty in an amount equal to 50 percent of the interest assessed under
 17 s. 71.82 on any reportable transaction understatement, as determined under sub. (4)
 18 (b), for the tax period for which the taxpayer files an amended return.

19 2. If the internal revenue service or the department contacts a taxpayer after
 20 December 31, 2007, regarding a reportable transaction and the taxpayer is contacted
 21 before the taxpayer files an amended return with respect to that transaction, the
 22 taxpayer is subject to a penalty in an amount equal to the interest assessed under
 23 s. 71.82 on any reportable transaction understatement, as determined under sub. (4)
 24 (b), for the tax period for which the internal revenue service or the department
 25 contacts the taxpayer.

Insert ~~725~~ 849-12 ✓

(d) The penalties under par. (a) apply to any reportable transaction understatement from a reportable transaction, including a listed transaction, entered into on or after January 1, 2002, for any taxable year for which the statute of limitations on assessment, including any extension provided under sub. (6), has not expired as of the effective date of this paragraph . . . [revisor inserts date].

a reportable transaction, including par

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1 (b) The penalties under sub. (a) apply to any reportable transaction
 2 understatement resulting from a listed transaction entered into after January 1,
 3 2002, including transactions that were not listed transactions when entered into, but
 4 became listed transactions before the effective date of this paragraph ... [revisor
 5 inserts date], or from any other reportable transaction entered into after the effective
 6 date of this paragraph ... [revisor inserts date] for any taxable year for which the
 7 statute of limitations on assessment, including any extension provided under sub.
 8 (6), has not expired as of the effective date of this paragraph ... [revisor inserts date].

9 (c) The secretary of revenue may waive or abate any penalty imposed under this
 10 subsection, or any portion of such penalty, if the taxpayer demonstrates to the
 11 department that the taxpayer had reasonable cause to act the way the taxpayer did,
 12 and in good faith, with regard to the tax treatment for which the taxpayer is subject
 13 to a penalty under this subsection and all facts relevant to the tax treatment are
 14 adequately disclosed in the filing under sub. (2), except that, if the taxpayer does not
 15 fully disclose such facts under sub. (2), the taxpayer's penalty may be waived or
 16 abated under this paragraph if the taxpayer demonstrates to the department that
 17 the taxpayer reasonably believed that the tax treatment for which the taxpayer is
 18 subject to a penalty under this subsection was more likely than not the proper
 19 treatment and substantial authority exists or existed for the tax treatment for which
 20 the taxpayer is subject to a penalty under this subsection.

AB (a) Except as provided in par. (b),

21 (6) STATUTE OF LIMITATIONS EXTENSION. *AB* If a taxpayer fails to provide any
 22 information regarding a reportable transaction, other than a listed transaction,
 23 under sub. (2), the time for assessing any tax imposed under this chapter with
 24 respect to that transaction shall expire no later than the date that is 6 years after the
 25 date on which the return for the taxable year in which the reportable transaction

1 occurred was filed. If a taxpayer fails to provide any information regarding a listed
2 transaction, under sub. (2), the time for assessing any tax imposed under this chapter
3 with respect to that transaction shall expire on the ~~earliest~~^{latest} of the following dates:

4 (a) ¹ The date that is 6 years after the date on which the return for the taxable
5 year in which the listed transaction occurred was filed.

6 (b) ² The date that is 12 months after the date on which the taxpayer provides
7 information regarding the listed transaction under sub. (2).

8 (c) ³ The date that is 12 months after the date on which the taxpayer's material
9 advisor provides, at the department's request, the list described in sub. (7) (b).

7
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10 (7) MATERIAL ADVISOR. (a) Each material advisor who is required to disclose a
11 reportable transaction under section 6111 of the Internal Revenue Code shall file a
12 copy of the disclosure with the department no later than 60 days after the date for
13 which the material advisor is required to file the disclosure with the internal revenue
14 service, except that, if a material advisor files the disclosure with the internal
15 revenue service on or before the effective date of this paragraph ... [revisor inserts
16 date], the material advisor shall file a copy of the disclosure with the department no
17 later than December 31, 2007.

18 (b) Each material advisor shall maintain a list that identifies each Wisconsin
19 taxpayer for whom the person provided services as a material advisor with respect
20 to a reportable transaction, regardless of whether the taxpayer is required to file the
21 form under sub. (2). Any material advisor who is required to maintain a list under
22 this paragraph shall provide the list to the department after receiving the
23 department's written request to provide the list and shall retain the information
24 contained in the list for 7 years or for the period determined by the department by
25 rule. If 2 or more material advisors are required under this paragraph to maintain

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¶ 4. The date that is 4 years after the date on which the department discovers a listed transaction that was a listed transaction on the date the transaction occurred for which the taxpayer did not provide the information described under sub. (2) or for which the taxpayer's material advisor did not provide the information described under sub. (7)(b).

¶ (b) Any limitation determined under par. (a) may be extended by a written agreement between the taxpayer and the department as provided under s. 71.77 (5).

1 identical lists, the department may provide that only one of the material advisors
2 maintain the list.

3 (c) This subsection applies to reportable transactions, not including listed
4 transactions, for which a material advisor provides services after the effective date
5 of this paragraph [revisor inserts date], and listed transactions for which a
6 material advisor provides services, and were entered into, on or after January 1,
7 2002, regardless of when the transactions became listed transactions.

8 (8) MATERIAL ADVISOR PENALTIES. (a) If a person who is required to file a
9 disclosure with the department as provided under sub. (7) (a) fails to file the
10 disclosure or files a disclosure containing false or incomplete information, the person
11 is subject to a penalty equal to the following amounts:

12 1. If the disclosure relates to a reportable transaction that is not a listed
13 transaction, \$15,000.

14 2. If the disclosure relates to a listed transaction, \$100,000.

15 (b) Any person who is required to maintain a list under sub. (7) (b) and who fails
16 to provide the list to the department no later than 20 business days after the date on
17 which the person receives the department's request to provide the list, as provided
18 under sub. (7) (b), shall pay a penalty to the department in an amount that is equal
19 to \$10,000 for each day that the person does not provide the list, beginning with the
20 day that is 21 business days after the date on which the person receives the
21 department's request.

22 (c) The secretary of revenue may waive or abate any penalty imposed under this
23 subsection, or any portion of such penalty, related to a reportable transaction that
24 is not a listed transaction, if the waiver or abatement promotes compliance with this
25 section and effective tax administration or, with regard to the penalty imposed under

1 par. (b), if, on each day after the time for providing the list without incurring a
2 penalty has expired, the person demonstrates to the department that the person's
3 failure to provide the list on that day is because of reasonable cause.

4 (9) TAX SHELTER PROMOTION. (a) Beginning on the effective date of this
5 paragraph [revisor inserts date], any person who organizes or assists in
6 organizing a tax shelter, or directly or indirectly participates in the sale of any
7 interest in a tax shelter, and who makes or provides or causes another person to make
8 or provide, in connection with such organization or sale, a statement that the person
9 knows or has reason to know is false or fraudulent as to any material matter
10 regarding the allowability of any tax deduction or credit, the excludability of any
11 income, the manipulation of any allocation or apportionment rule, or the securing of
12 any other tax benefit resulting from holding an interest in the entity or participating
13 in the plan or arrangement, shall pay a penalty to the department, with respect to
14 each sale or act of organization described under this paragraph, in an amount equal
15 to 50 percent of the person's gross income derived from the sale or act.

16 (b) For purposes of administering this chapter, beginning on the effective date
17 of this paragraph [revisor inserts date], a written communication between a tax
18 practitioner and any person, director, officer, employee, agent, or representative of
19 the person, or any other person holding a capital or profits interest in the person,
20 regarding the promotion of the person's direct or indirect participation in any tax
21 shelter is not considered a confidential or privileged communication.

22 (11) INJUNCTION. The department may commence an action in the circuit court
23 of Dane County to enjoin a person from taking any action, or failing to take any
24 action, that is subject to a penalty under this section or in violation of this section or
25 any rules that the department promulgates pursuant to this section.