
















# State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

## **RESEARCH APPENDIX -** **PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Date Transfer Requested: 03/11/2008 (Per: CMH)

### **Compile Draft – Appendix A** **... Part 03 of 12**

-  The 2007 drafting file for LRB-4059
  -  The 2007 drafting file for LRB-4072
  -  The 2007 drafting file for LRB-4077
  -  The 2007 drafting file for LRB-4081
  -  The 2007 drafting file for LRB-4082
  -  The 2007 drafting file for LRB-4168
  -  The 2007 drafting file for LRB-4187
  -  The 2007 drafting file for LRB-4188
  -  The 2007 drafting file for LRB-4215
  -  The 2007 drafting file for LRB-4240
  -  The 2007 drafting file for LRB-4242
  -  The 2007 drafting file for LRB-4267
- 

**2007 LRB-4077** has been moved to the drafting file for

## **2007 LRB-4268**

(Special Session Mr8 ... Budget Adjustment Bill)

## 2007 DRAFTING REQUEST

### Bill

Received: **02/12/2008**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Frederick**

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

Drafter: **jkreye**

May Contact:

Adtl. Drafters:

Subject: **Tax, Business - crp inc, fran**

Extra Copies:

Submit via email: **NO**

---

### Pre Topic:

DOA:.....Frederick, BAB019 -

---

### Topic:

Real estate investment trust dividend paid deduction

---

### 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 02/12/2008	jdyer 02/13/2008		_____			State
/1	chanaman 03/10/2008	csicilia 03/10/2008	jfrantze 02/13/2008	_____	mbarman 02/13/2008		State
/2	jkreye 03/10/2008	jdyer 03/10/2008	rschluet 03/10/2008	_____	sbasford 03/10/2008		State
/3			rschluet 03/10/2008	_____	lparisi 03/10/2008		

FE Sent For:

**2007 DRAFTING REQUEST**

**Bill**

Received: 02/12/2008

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Administration-Budget

By/Representing: Frederick

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - crp inc, fran

Extra Copies:

Submit via email: NO

---

**Pre Topic:**

DOA:.....Frederick, BAB019 -

---

**Topic:**

Real estate investment trust dividend paid deduction

---

**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 02/12/2008	jdyer 02/13/2008		_____			State
/1	chanaman 03/10/2008	csicilia 03/10/2008	jfrantze 02/13/2008	_____	mbarman 02/13/2008		State
/2			rschluet 03/10/2008	_____	sbasford 03/10/2008		

FE Sent For:

*3/3/10 jld*  
*3/10/08 [Signature]*  
**<END>**

### 2007 DRAFTING REQUEST

#### Bill

Received: 02/12/2008

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Administration-Budget

By/Representing: Frederick

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - crp inc, fran

Extra Copies:

Submit via email: NO

---

#### Pre Topic:

DOA:.....Frederick, BAB019 -

---

#### Topic:

Real estate investment trust dividend paid deduction

---

#### Instructions:

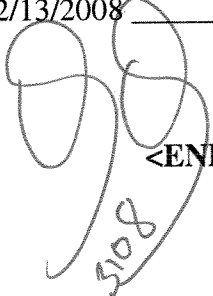
See Attached

---

#### 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 02/12/2008	jdye 02/13/2008		_____			State
/1			jfrantze 02/13/2008	_____	mbarman 02/13/2008		

FE Sent For:

2 cjs 3/10 08  
  
<END>

**2007 DRAFTING REQUEST**

**Bill**

Received: 02/12/2008

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Administration-Budget

By/Representing: Frederick

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - crp inc, fran

Extra Copies:

Submit via email: NO

---

**Pre Topic:**

DOA:.....Frederick, BAB019 -

---

**Topic:**

Real estate investment trust dividend paid deduction

---

**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	1 2/13 jld	g 2/12	g/pq 2/13			

FE Sent For:

<END>

## 2007-09 Budget Adjustment Bill Statutory Language Drafting Request

- Topic: Real Estate Investment Trust Dividend Paid Deduction
- Tracking Code: BAB019
- SBO team: Tax, Local Government and Operations
- SBO analyst: Caitlin Morgan Frederick
  - Phone: 6-8777
  - Email: Caitlin.frederick@wisconsin.gov
- Agency acronym: DOR
- Agency number: 566
- Priority (Low, Medium, High): High
  
- Create new statutes under Chapter 71 as noted in the attached to define qualified real estate investment trusts" and regulated investment companies.

JK

DOA:.....Kraus, General fund taxes Real estate investment trusts and regulated investment companies; DOR modifications

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

**SENATE AMENDMENT ,**

**TO SENATE SUBSTITUTE AMENDMENT 1,**

**TO 2007 SENATE BILL 40**

- 1 At the locations indicated, amend the substitute amendment as follows:
- 2 **1.** Page 889, line 1: delete "(2) (b) and" and substitute "~~(2) (b) and~~".
- 3 **2.** Page 891, line 10: delete "(2) (b) and" and substitute "~~(2) (b) and~~".
- 4 **3.** Page 894, line 6: delete "(2) (b) and" and substitute "~~(2) (b) and~~".
- 5 **4.** Page 896, line 21: delete "(2) (b) and" and substitute "~~(2) (b) and~~".
- 6 **5.** Page 899, line 9: delete "(2) (b) and" and substitute "~~(2) (b) and~~".
- 7 **6.** Page 901, line 19: delete "(2) (b) and".
- 8 **7.** Page 903, line 21: delete "(2) (b) and".

1           **8.** Page 922, line 2: after that line insert:

2           “**SECTION 2017d.** 71.22 (9a) of the statutes is created to read:

3           71.22 **(9a)** “Qualified real estate investment trust” means a real estate  
4 investment trust, except a real estate investment trust of which more than 50  
5 percent of the voting power or value of the beneficial interests or shares are owned  
6 or controlled, directly or indirectly, by a single entity that is subject to sections 301  
7 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26 (1), and that  
8 is not a real estate investment trust or a qualified real estate trust subsidiary under  
9 section 856 (i) of the Internal Revenue Code.

10          **SECTION 2017f.** 71.22 (9c) of the statutes is created to read:

11          71.22 **(9c)** “Real estate investment trust” means a real estate investment trust  
12 under section 856 of the Internal Revenue Code.

13          **SECTION 2017g.** 71.22 (9d) of the statutes is created to read:

14          71.22 **(9d)** “Real estate mortgage investment conduit” means a real estate  
15 mortgage investment conduit under section 860D of the Internal Revenue Code.

16          **SECTION 2017h.** 71.22 (9e) of the statutes is created to read:

17          71.22 **(9e)** “Regulated investment company” means a regulated investment  
18 company under section 851 of the Internal Revenue Code.”.

19          **9.** Page 923, line 22: delete the material beginning with that line and ending  
20 on page 962, line 14, and substitute:

21          “**SECTION 2023d.** 71.26 (2) (b) of the statutes is repealed and recreated to read:

22          71.26 **(2)** (b) *Regulated investment companies, real estate investment trusts,*  
23 *and real estate mortgage investment conduits.* 1. In this paragraph, except as  
24 provided in subds. 2. to 4., “net income” means one of the following:



1           a. That part of the federal regulated investment company income that is subject  
2 to federal tax as provided in sections 851 and 852 of the Internal Revenue Code,  
3 including federal undistributed net capital gain.

4           b. That part of the federal real estate investment trust income that is subject  
5 to federal tax as provided in sections 856 and 857 of the Internal Revenue Code,  
6 including federal undistributed net capital gain, federal net income from foreclosure  
7 property, and federal net income derived from prohibited transactions. The  
8 treatment of certain wholly owned subsidiaries under section 856 (i) of the Internal  
9 Revenue Code shall apply in computing the net income of a real estate investment  
10 trust.

11           c. That part of the federal real estate mortgage investment conduit income that  
12 is subject to federal tax, including federal net income derived from prohibited  
13 transactions under section 860F of the Internal Revenue Code and federal net  
14 income from foreclosure property under section 860G of the Internal Revenue Code.

15           2. Property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be  
16 depreciated for taxable years 1983 to 1986 under the Internal Revenue Code as  
17 amended to December 31, 1980, shall continue to be depreciated under the Internal  
18 Revenue Code as amended to December 31, 1980.

19           3. With regard to federal regulated investment company income, federal real  
20 estate investment trust income, and federal real estate mortgage investment conduit  
21 income, the appropriate amount shall be added or subtracted to reflect differences  
22 between the depreciation or adjusted basis for federal income tax purposes and the  
23 depreciation or adjusted basis under this chapter of any property disposed of during  
24 the taxable year.

1        4. The dividend paid deduction otherwise allowed by federal law in computing  
2 net income of a real estate investment trust that is subject to federal income tax shall  
3 be added back in computing the tax imposed under this chapter unless the real estate  
4 investment trust is a qualified real estate investment trust.”.

5        **10.** Page 1662, line 2: after that line insert:

6        “(5t) REAL ESTATE INVESTMENT TRUST; REGULATED INVESTMENT COMPANY. The  
7 treatment of section 71.26 (2) (b) of the statutes first applies to taxable years  
8 beginning on July 1, 2007.”.

9        (END)

Handwritten initials: vk, L, jd, RM, mtr

DOA:.....Frederick, BAB019<sup>✓</sup> - Real estate investment trust dividend paid deduction

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

in 2-12-08

D-N

DON'T Gen

the budget adjustment bill<sup>✓</sup>

X

1 AN ACT ...; relating to: ???

*Analysis by the Legislative Reference Bureau*

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

2

(END)

# 2007 BILL

1 AN ACT *to amend* 71.22 (4) (n), 71.22 (4) (o), 71.22 (4) (p), 71.22 (4) (q), 71.22 (4)  
 2 (r), 71.22 (4) (s) and 71.22 (4) (t); *to repeal and recreate* 71.26 (2) (b); and *to*  
 3 *create* 71.22 (9a), 71.22 (9c), 71.22 (9d) and 71.22 (9e) of the statutes; **relating**  
 4 **to:** income and franchise taxes imposed on real estate investment trusts and  
 5 regulated investment companies.

head

### *Analysis by the Legislative Reference Bureau*

This bill disregards certain transactions, for income and franchise tax purposes, for amounts paid to a real estate investment trust if, generally, more than 50 percent of the voting power or value of the beneficial interests or shares of the trust are owned or controlled by a single entity that is not a real estate investment trust or otherwise exempt from state income and franchise taxes. The bill also disregards certain transactions for amounts paid to a regulated investment company if, generally, more than 50 percent of the voting power or value of the beneficial interests or shares of the company are owned or controlled by a single entity that is not a regulated investment company or otherwise exempt from state income and franchise taxes.

TAXATION  
 INCOME TAXATION  
 =  
 Subhead

**BILL**

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 71.22 (4) (n) of the statutes, as affected by 2007 Wisconsin Act 20,  
2 is amended to read:

3           71.22 **(4)** (n) Except as provided in sub. (4m) and ss. 71.26 ~~(2) (b)~~ and (3), 71.34  
4 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after  
5 December 31, 1998, and before January 1, 2000, means the federal Internal  
6 Revenue Code as amended to December 31, 1998, excluding sections 103, 104, and  
7 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.  
8 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188,  
9 and as amended by P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding  
10 sections 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431 of P.L.  
11 107-16, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a), and 406 of P.L.  
12 107-147, P.L. 107-181, P.L. 107-276, P.L. 108-121, excluding section 109 of P.L.  
13 108-121, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L.  
14 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847,  
15 909, and 910 of P.L. 108-357, P.L. 109-7, P.L. 109-135, excluding sections 101, 105,  
16 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.  
17 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, and as  
18 indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L.  
19 100-203, P.L. 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821  
20 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L.  
21 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,

**BILL**

1 excluding sections 103, 104, and 110 of P.L. 102–227, P.L. 102–318, P.L. 102–486, P.L.  
2 103–66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.  
3 103–66, P.L. 103–296, P.L. 103–337, P.L. 103–465, P.L. 104–7, P.L. 104–188,  
4 excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, P.L.  
5 104–191, P.L. 104–193, P.L. 105–33, P.L. 105–34, P.L. 105–178, P.L. 105–206, P.L.  
6 105–277, P.L. 106–36, P.L. 106–170, P.L. 106–230, P.L. 106–554, excluding sections  
7 162 and 165 of P.L. 106–554, P.L. 107–16, excluding section 431 of P.L. 107–16, P.L.  
8 107–134, P.L. 107–147, excluding sections 101, 301 (a), and 406 of P.L. 107–147, P.L.  
9 107–181, P.L. 107–276, P.L. 108–121, excluding section 109 of P.L. 108–121, P.L.  
10 108–311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108–311, P.L.  
11 108–357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910  
12 of P.L. 108–357, P.L. 109–7, 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, and  
14 P.L. 109–280, excluding sections 811 and 844 of P.L. 109–280. The Internal Revenue  
15 Code applies for Wisconsin purposes at the same time as for federal purposes.  
16 Amendments to the federal Internal Revenue Code enacted after December 31, 1998,  
17 do not apply to this paragraph with respect to taxable years beginning after  
18 December 31, 1998, and before January 1, 2000, except that changes to the Internal  
19 Revenue Code made by P.L. 106–36, P.L. 106–170, P.L. 106–230, P.L. 106–554,  
20 excluding sections 162 and 165 of P.L. 106–554, P.L. 107–16, excluding section 431  
21 of P.L. 107–16, P.L. 107–134, P.L. 107–147, excluding sections 101, 301 (a), and 406  
22 of P.L. 107–147, P.L. 107–181, P.L. 107–276, P.L. 108–121, excluding section 109 of  
23 P.L. 108–121, P.L. 108–311, excluding sections 306, 307, 308, 316, 401, and 403 (a)  
24 of P.L. 108–311, P.L. 108–357, excluding sections 101, 201, 211, 242, 244, 336, 337,  
25 422, 847, 909, and 910 of P.L. 108–357, P.L. 109–7, P.L. 109–135, excluding sections

**BILL****SECTION 1**

1 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405  
2 of P.L. 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280,  
3 and changes that indirectly affect the provisions applicable to this subchapter made  
4 by P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and  
5 165 of P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-134,  
6 P.L. 107-147, excluding sections 101, 301 (a), and 406 of P.L. 107-147, P.L. 107-181,  
7 P.L. 107-276, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-311,  
8 excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,  
9 excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.  
10 108-357, P.L. 109-7, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates  
11 to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and P.L.  
12 109-280, excluding sections 811 and 844 of P.L. 109-280, apply for Wisconsin  
13 purposes at the same time as for federal purposes.

14 **SECTION 2.** 71.22 (4) (o) of the statutes, as affected by 2007 Wisconsin Act 20,  
15 is amended to read:

16 71.22 (4) (o) Except as provided in sub. (4m) and ss. 71.26 ~~(2) (b) and (3)~~, 71.34  
17 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after  
18 December 31, 1999, and before January 1, 2003, means the federal Internal Revenue  
19 Code as amended to December 31, 1999, excluding sections 103, 104, and 110 of P.L.  
20 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66  
21 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as  
22 amended by P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L.  
23 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22,  
24 P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a), and 406 of  
25 P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,

**BILL**

1 excluding sections 106, 201, and 202 of P.L. 108–27, P.L. 108–121, excluding section  
2 109 of P.L. 108–121, P.L. 108–218, P.L. 108–311, excluding sections 306, 307, 308,  
3 316, 401, and 403 (a) of P.L. 108–311, P.L. 108–357, excluding sections 101, 201, 211,  
4 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108–357, P.L. 109–7, P.L. 109–58,  
5 excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348,  
6 and 1351 of P.L. 109–58, P.L. 109–135, excluding sections 101, 105, 201 (a) as it  
7 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109–135, and  
8 P.L. 109–280, excluding sections 811 and 844 of P.L. 109–280, and as indirectly  
9 affected in the provisions applicable to this subchapter by P.L. 99–514, P.L. 100–203,  
10 P.L. 100–647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and  
11 823 (c) (2) of P.L. 99–514 and section 1008 (g) (5) of P.L. 100–647, P.L. 101–73, P.L.  
12 101–140, P.L. 101–179, P.L. 101–239, P.L. 101–508, P.L. 102–227, excluding sections  
13 103, 104, and 110 of P.L. 102–227, P.L. 102–318, P.L. 102–486, P.L. 103–66, excluding  
14 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66, P.L.  
15 103–296, P.L. 103–337, P.L. 103–465, P.L. 104–7, P.L. 104–188, excluding sections  
16 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, P.L. 104–191, P.L.  
17 104–193, P.L. 105–33, P.L. 105–34, P.L. 105–178, P.L. 105–206, P.L. 105–277, P.L.  
18 106–36, P.L. 106–170, P.L. 106–230, P.L. 106–554, excluding sections 162 and 165 of  
19 P.L. 106–554, P.L. 107–15, P.L. 107–16, excluding section 431 of P.L. 107–16, P.L.  
20 107–22, P.L. 107–116, P.L. 107–134, P.L. 107–147, excluding sections 101, 301 (a),  
21 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.  
22 108–27, excluding sections 106, 201, and 202 of P.L. 108–27, P.L. 108–121, excluding  
23 section 109 of P.L. 108–121, P.L. 108–218, P.L. 108–311, excluding sections 306, 307,  
24 308, 316, 401, and 403 (a) of P.L. 108–311, P.L. 108–357, excluding sections 101, 201,  
25 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108–357, P.L. 109–7, P.L.



**BILL****SECTION 2**

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

**BILL**

1 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding  
2 section 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311, excluding sections 306, 307,  
3 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201,  
4 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-7, P.L.  
5 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,  
6 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201  
7 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.  
8 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, apply for  
9 Wisconsin purposes at the same time as for federal purposes.

10 **SECTION 3.** 71.22 (4) (p) of the statutes, as affected by 2007 Wisconsin Act 20,  
11 is amended to read:

12 71.22 (4) (p) Except as provided in sub. (4m) and ss. 71.26 (2) ~~(b) and (3)~~, 71.34  
13 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after  
14 December 31, 2002, and before January 1, 2004, means the federal Internal Revenue  
15 Code as amended to December 31, 2002, excluding sections 103, 104, and 110 of P.L.  
16 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,  
17 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 106-519,  
18 sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, and  
19 sections 101 and 301 (a) of P.L. 107-147, and as amended by P.L. 108-27, excluding  
20 sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L.  
21 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L.  
22 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L.  
23 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847,  
24 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 109-7, P.L. 109-58, excluding  
25 sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351

**BILL****SECTION 3**

1 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to  
2 section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and P.L.  
3 109-280, excluding sections 811 and 844 of P.L. 109-280, and as indirectly affected  
4 in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.  
5 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823  
6 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.  
7 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections  
8 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding  
9 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.  
10 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections  
11 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.  
12 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.  
13 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of  
14 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.  
15 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a)  
16 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,  
17 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section  
18 109 of P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L.  
19 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and  
20 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336,  
21 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 109-7, P.L. 109-58,  
22 excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348,  
23 and 1351 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201 (a) as it  
24 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and  
25 P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280. The Internal Revenue

**BILL**

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

**BILL****SECTION 4**

1           **SECTION 4.** 71.22 (4) (q) of the statutes, as affected by 2007 Wisconsin Act 20,  
2 is amended to read:

3           71.22 **(4)** (q) Except as provided in sub. (4m) and ss. 71.26 ~~(2) (b)~~ and (3), 71.34  
4 (1g), and 71.42 (2), “Internal Revenue Code,” for taxable years that begin after  
5 December 31, 2003, and before January 1, 2005, means the federal Internal Revenue  
6 Code as amended to December 31, 2003, 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, P.L. 106–519,  
9 sections 162 and 165 of P.L. 106–554, P.L. 106–573, section 431 of P.L. 107–16,  
10 sections 101 and 301 (a) of P.L. 107–147, sections 106, 201, and 202 of P.L. 108–27,  
11 section 109 of P.L. 108–121, and section 1201 of P.L. 108–173, and as amended by P.L.  
12 108–203, P.L. 108–218, P.L. 108–311, excluding sections 306, 307, 308, 316, 401, and  
13 403 (a) of P.L. 108–311, P.L. 108–357, excluding sections 101, 201, 211, 242, 244, 336,  
14 337, 422, 847, 909, and 910 of P.L. 108–357, P.L. 108–375, P.L. 108–476, P.L. 109–7,  
15 P.L. 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. 109–73, excluding section 301 of P.L.  
17 109–73, P.L. 109–135, excluding sections 101, 105, 201 (a) as it relates to section  
18 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109–135, P.L. 109–227, and P.L.  
19 109–280, excluding sections 811 and 844 of P.L. 109–280, and as indirectly affected  
20 in the provisions applicable to this subchapter by P.L. 99–514, P.L. 100–203, P.L.  
21 100–647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823  
22 (c) (2) of P.L. 99–514 and section 1008 (g) (5) of P.L. 100–647, P.L. 101–73, P.L.  
23 101–140, P.L. 101–179, P.L. 101–239, P.L. 101–508, P.L. 102–227, excluding sections  
24 103, 104, and 110 of P.L. 102–227, P.L. 102–318, P.L. 102–486, P.L. 103–66, excluding  
25 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66, P.L.

**BILL**

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

**BILL****SECTION 4**

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

15 **SECTION 5.** 71.22 (4) (r) of the statutes, as affected by 2007 Wisconsin Act 20,  
16 is amended to read:

17 71.22 (4) (r) Except as provided in sub. (4m) and ss. 71.26 ~~(2) (b) and (3)~~, 71.34  
18 (1g), and 71.42 (2), “Internal Revenue Code,” for taxable years that begin after  
19 December 31, 2004, and before January 1, 2006, means the federal Internal Revenue  
20 Code as amended to December 31, 2004, excluding sections 103, 104, and 110 of P.L.  
21 102–227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66,  
22 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, sections 1, 3,  
23 4, and 5 of P.L. 106–519, sections 162 and 165 of P.L. 106–554, P.L. 106–573, section  
24 431 of P.L. 107–16, sections 101 and 301 (a) of P.L. 107–147, sections 106, 201, and  
25 202 of P.L. 108–27, section 1201 of P.L. 108–173, sections 306, 308, 316, 401, and 403

**BILL**

1 (a) of P.L. 108-311, and sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and  
2 910 of P.L. 108-357, and as amended by P.L. 109-7, P.L. 109-58, excluding sections  
3 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.  
4 109-58, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding  
5 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and  
6 (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207,  
7 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280, excluding  
8 sections 811 and 844 of P.L. 109-280, and as indirectly affected in the provisions  
9 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, excluding  
10 sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514  
11 and section 1008 (g) (5) of 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 sections 101 and 301 (a) of P.L. 107-147, P.L.  
21 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections  
22 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201  
23 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306,  
24 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201,  
25 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L.



**BILL****SECTION 5**

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

**BILL**

1           **SECTION 6.** 71.22 (4) (s) of the statutes, as created by 2007 Wisconsin Act 20,  
2 is amended to read:

3           71.22 **(4)** (s) Except as provided in sub. (4m) and ss. 71.26 ~~(2)-(b)~~ and (3), 71.34  
4 (1g), and 71.42 (2), “Internal Revenue Code,” for taxable years that begin after  
5 December 31, 2005, and before January 1, 2007, means the federal Internal Revenue  
6 Code 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 in the provisions applicable to this subchapter by P.L. 99–514, P.L. 100–203,  
20 P.L. 100–647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and  
21 823 (c) (2) of P.L. 99–514 and section 1008 (g) (5) of P.L. 100–647, P.L. 101–73, P.L.  
22 101–140, P.L. 101–179, P.L. 101–239, P.L. 101–508, P.L. 102–227, excluding sections  
23 103, 104, and 110 of P.L. 102–227, P.L. 102–318, P.L. 102–486, P.L. 103–66, excluding  
24 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66, P.L.  
25 103–296, P.L. 103–337, P.L. 103–465, P.L. 104–7, P.L. 104–188, excluding sections

**BILL****SECTION 6**

1 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, P.L. 104–191, P.L.  
2 104–193, P.L. 105–33, P.L. 105–34, P.L. 105–178, P.L. 105–206, P.L. 105–277, P.L.  
3 106–36, P.L. 106–170, P.L. 106–230, P.L. 106–554, excluding sections 162 and 165 of  
4 P.L. 106–554, P.L. 107–15, P.L. 107–16, excluding section 431 of P.L. 107–16, P.L.  
5 107–22, P.L. 107–116, P.L. 107–134, P.L. 107–147, excluding sections 101 and 301 (a)  
6 of P.L. 107–147, P.L. 107–181, P.L. 107–210, P.L. 107–276, P.L. 107–358, P.L. 108–27,  
7 excluding sections 106, 201, and 202 of P.L. 108–27, P.L. 108–121, P.L. 108–173,  
8 excluding section 1201 of P.L. 108–173, P.L. 108–203, P.L. 108–218, P.L. 108–311,  
9 excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108–311, P.L. 108–357,  
10 excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.  
11 108–357, P.L. 108–375, P.L. 108–476, P.L. 109–7, P.L. 109–58, excluding sections  
12 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.  
13 109–58, P.L. 109–59, excluding section 11146 of P.L. 109–59, P.L. 109–73, excluding  
14 section 301 of P.L. 109–73, P.L. 109–135, excluding sections 101, 105, 201 (a) as it  
15 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109–135, P.L.  
16 109–151, P.L. 109–222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L.  
17 109–222, P.L. 109–227, and P.L. 109–280, excluding sections 811 and 844 of P.L.  
18 109–280. The Internal Revenue Code applies for Wisconsin purposes at the same  
19 time as for federal purposes. Amendments to the federal Internal Revenue Code  
20 enacted after December 31, 2005, do not apply to this paragraph with respect to  
21 taxable years beginning after December 31, 2005, and before January 1, 2007,  
22 except that changes to the Internal Revenue Code made by P.L. 109–222, excluding  
23 sections 101, 207, 209, 503, 512, and 513 of P.L. 109–222, P.L. 109–227, and P.L.  
24 109–280, excluding sections 811 and 844 of P.L. 109–280, and changes that indirectly  
25 affect the provisions applicable to this subchapter made by P.L. 109–222, excluding

**BILL**

1 sections 101, 207, 209, 503, 512, and 513 of P.L. 109–222, P.L. 109–227, and P.L.  
2 109–280, excluding sections 811 and 844 of P.L. 109–280, apply for Wisconsin  
3 purposes at the same time as for federal purposes.

4 **SECTION 7.** 71.22 (4) (t) of the statutes, as created by 2007 Wisconsin Act 20,  
5 is amended to read:

6 71.22 (4) (t) Except as provided in sub. (4m) and ss. 71.26 (2) ~~(b)~~ and (3), 71.34  
7 (1g), and 71.42 (2), “Internal Revenue Code,” for taxable years that begin after  
8 December 31, 2006, means the federal Internal Revenue Code as amended to  
9 December 31, 2006, excluding sections 103, 104, and 110 of P.L. 102–227, sections  
10 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66, sections 1123 (b),  
11 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, sections 1, 3, 4, and 5 of P.L.  
12 106–519, sections 162 and 165 of P.L. 106–554, P.L. 106–573, section 431 of P.L.  
13 107–16, sections 101 and 301 (a) of P.L. 107–147, sections 106, 201, and 202 of P.L.  
14 108–27, section 1201 of P.L. 108–173, sections 306, 308, 316, 401, and 403 (a) of P.L.  
15 108–311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.  
16 108–357, P.L. 109–1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,  
17 1329, 1348, and 1351 of P.L. 109–58, section 11146 of P.L. 109–59, section 301 of P.L.  
18 109–73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e),  
19 (j), and (q), and 405 of P.L. 109–135, sections 101, 207, 209, 503, 512, and 513 of P.L.  
20 109–222, sections 811 and 844 of P.L. 109–280, and P.L. 109–432, and as indirectly  
21 affected in the provisions applicable to this subchapter by P.L. 99–514, P.L. 100–203,  
22 P.L. 100–647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and  
23 823 (c) (2) of P.L. 99–514 and section 1008 (g) (5) of P.L. 100–647, P.L. 101–73, P.L.  
24 101–140, P.L. 101–179, P.L. 101–239, P.L. 101–508, P.L. 102–227, excluding sections  
25 103, 104, and 110 of P.L. 102–227, P.L. 102–318, P.L. 102–486, P.L. 103–66, excluding

**BILL****SECTION 7**

1 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.  
2 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections  
3 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.  
4 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.  
5 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of  
6 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.  
7 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a)  
8 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,  
9 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173,  
10 excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311,  
11 excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,  
12 excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.  
13 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections  
14 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.  
15 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding  
16 section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it  
17 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L.  
18 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L.  
19 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.  
20 109-280. The Internal Revenue Code applies for Wisconsin purposes at the same  
21 time as for federal purposes. Amendments to the federal Internal Revenue Code  
22 enacted after December 31, 2006, do not apply to this paragraph with respect to  
23 taxable years beginning after December 31, 2006.

24 **SECTION 8.** 71.22 (9a) of the statutes is created to read:

**BILL**

1           71.22 (9a) “Qualified real estate investment trust” means a real estate  
2 investment trust, except a real estate investment trust of which more than 50  
3 percent of the voting power or value of the beneficial interests or shares are owned  
4 or controlled, directly or indirectly, by a single entity that is subject to sections 301  
5 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26 (1), and that  
6 is not a real estate investment trust or a qualified real estate trust subsidiary under  
7 section 856 (i) of the Internal Revenue Code.

8           **SECTION 9.** 71.22 (9c) of the statutes is created to read:

9           71.22 (9c) “Real estate investment trust” means a real estate investment trust  
10 under section 856 of the Internal Revenue Code.

11           **SECTION 10.** 71.22 (9d) of the statutes is created to read:

12           71.22 (9d) “Real estate mortgage investment conduit” means a real estate  
13 mortgage investment conduit under section 860D of the Internal Revenue Code.

14           **SECTION 11.** 71.22 (9e) of the statutes is created to read:

15           71.22 (9e) “Regulated investment company” means a regulated investment  
16 company under section 851 of the Internal Revenue Code.

17           **SECTION 12.** 71.26 (2) (b) of the statutes is repealed and recreated to read:

18           71.26 (2) (b) *Regulated investment companies, real estate investment trusts,*  
19 *and real estate mortgage investment conduits.* 1. In this paragraph, except as  
20 provided in subds. 2. to 5., “net income” means one of the following:

21           a. That part of the federal regulated investment company income that is subject  
22 to federal tax as provided in sections 851 and 852 of the Internal Revenue Code,  
23 including federal undistributed net capital gain.

24           b. That part of the federal real estate investment trust income that is subject  
25 to federal tax as provided in sections 856 and 857 of the Internal Revenue Code,

**BILL****SECTION 12**

1 including federal undistributed net capital gain, federal net income from foreclosure  
2 property, and federal net income derived from prohibited transactions. The  
3 treatment of certain wholly owned subsidiaries under section 856 (i) of the Internal  
4 Revenue Code shall apply in computing the net income of a real estate investment  
5 trust.

6 c. That part of the federal real estate mortgage investment conduit income that  
7 is subject to federal tax, including federal net income derived from prohibited  
8 transactions under section 860F of the Internal Revenue Code and federal net  
9 income from foreclosure property under section 860G of the Internal Revenue Code.

10 2. Property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be  
11 depreciated for taxable years 1983 to 1986 under the Internal Revenue Code as  
12 amended to December 31, 1980, shall continue to be depreciated under the Internal  
13 Revenue Code as amended to December 31, 1980.

14 3. With regard to federal regulated investment company income, federal real  
15 estate investment trust income, and federal real estate mortgage investment conduit  
16 income, the appropriate amount shall be added or subtracted to reflect differences  
17 between the depreciation or adjusted basis for federal income tax purposes and the  
18 depreciation or adjusted basis under this chapter of any property disposed of during  
19 the taxable year.

20 4. If the real estate investment trust is not a qualified real estate investment  
21 trust, all transactions between the real estate investment trust and an entity that  
22 owns or controls, directly or indirectly, more than 50 percent of the voting power or  
23 value of the beneficial interests or shares of the real estate investment trust, shall  
24 be disregarded.

**BILL**

1           5. For purposes of subd. 4., any transaction between a real estate investment  
 2 trust and an entity that does not own or control more than 50 percent of the voting  
 3 power or value of the beneficial interests or shares of the real estate investment trust,  
 4 but that is owned or controlled, directly or indirectly, by a related person under  
 5 section 267 (b) of the Internal Revenue Code that does own or control, directly or  
 6 indirectly, more than 50 percent of the voting power or value of the beneficial  
 7 interests or shares of the real estate investment trust, shall be disregarded.

8 **Fix component** → SECTION <sup>9341 ✓</sup> ~~12~~. **Initial applicability**; Revenue ✓  
 9 **→** (1) This act first applies to taxable years beginning on January 1, 2008. ✓

10

(END)

**CS** → REAL ESTATE INVESTMENT TRUST; REGULATED INVESTMENT  
**CS** → COMPANY. The treatment of section 71.26(2)(b) of the  
 statutes **NO**



4077/1du  
JK: jld  
Jld

Caitlin:

This draft is based on the most recent modifications suggested by DOR to the proposal under LRB 1182/1.

JK

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

LRB-4077/1dn  
JK:jld:jf

February 13, 2008

Caitlin:

This draft is based on the most recent modifications suggested by DOR to the proposal under LRBb1182/1.

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: [joseph.kreye@legis.wisconsin.gov](mailto:joseph.kreye@legis.wisconsin.gov)