















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

(B)

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

2007 LRB-4268

(Special Session Mr8 ... Budget Adjustment Bill)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-4077/1

JK:jd:js

NOW

stays
JK CS

DOA:.....Frederick, BAB019 - Real estate investment trust dividend paid deduction

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

NOT done yet

1 AN ACT ...; relating to: the budget adjustment bill.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

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.

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,
22 excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
23 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.
24 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188,
25 excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L.

1 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L.
2 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections
3 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.
4 107-134, P.L. 107-147, excluding sections 101, 301 (a), and 406 of P.L. 107-147, P.L.
5 107-181, P.L. 107-276, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L.
6 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L.
7 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910
8 of P.L. 108-357, P.L. 109-7, P.L. 109-135, excluding sections 101, 105, 201 (a) as it
9 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and
10 P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280. The Internal Revenue
11 Code applies for Wisconsin purposes at the same time as for federal purposes.
12 Amendments to the federal Internal Revenue Code enacted after December 31, 1998,
13 do not apply to this paragraph with respect to taxable years beginning after
14 December 31, 1998, and before January 1, 2000, except that changes to the Internal
15 Revenue Code made by P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554,
16 excluding sections 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431
17 of P.L. 107-16, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a), and 406
18 of P.L. 107-147, P.L. 107-181, P.L. 107-276, P.L. 108-121, excluding section 109 of
19 P.L. 108-121, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a)
20 of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337,
21 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-7, P.L. 109-135, excluding sections
22 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405
23 of P.L. 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280,
24 and changes that indirectly affect the provisions applicable to this subchapter made
25 by P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and

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

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

12 71.22 (4) (o) 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, 1999, and before January 1, 2003, means the federal Internal Revenue
15 Code as amended to December 31, 1999, 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 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as
18 amended by P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L.
19 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22,
20 P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101, 301 (a), and 406 of
21 P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,
22 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section
23 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308,
24 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211,
25 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-7, P.L. 109-58,

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

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

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, apply for
5 Wisconsin purposes at the same time as for federal purposes.

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

8 71.22 (4) (p) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
9 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after
10 December 31, 2002, and before January 1, 2004, means the federal Internal Revenue
11 Code as amended to December 31, 2002, 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, and
15 sections 101 and 301 (a) of P.L. 107-147, and as amended by P.L. 108-27, excluding
16 sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L.
17 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L.
18 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and 403 (a) of P.L.
19 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847,
20 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 109-7, P.L. 109-58, excluding
21 sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351
22 of P.L. 109-58, 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, and P.L.
24 109-280, excluding sections 811 and 844 of P.L. 109-280, and as indirectly affected
25 in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.

1 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823
2 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.
3 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
4 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
5 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.
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8 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.
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10 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.
11 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a)
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13 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section
14 109 of P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L.
15 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and
16 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336,
17 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 109-7, P.L. 109-58,
18 excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348,
19 and 1351 of P.L. 109-58, P.L. 109-135, excluding sections 101, 105, 201 (a) as it
20 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and
21 P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280. The Internal Revenue
22 Code applies for Wisconsin purposes at the same time as for federal purposes.
23 Amendments to the federal Internal Revenue Code enacted after December 31, 2002,
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1 Revenue Code made by P.L. 108-27, excluding sections 106, 201, and 202 of P.L.
2 108-27, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-173, excluding
3 section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding
4 sections 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding
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6 108-375, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323,
7 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding
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10 109-280, and changes that indirectly affect the provisions applicable to this
11 subchapter made by P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27,
12 P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-173, excluding section
13 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections
14 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections
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16 108-375, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323,
17 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-135, excluding
18 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and
19 (q), and 405 of P.L. 109-135, and P.L. 109-280, excluding sections 811 and 844 of P.L.
20 109-280, apply for Wisconsin purposes at the same time as for federal purposes.

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

23 71.22 (4) (q) Except as provided in sub. (4m) and ss. 71.26 ~~(2)(b)~~ and (3), 71.34
24 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after
25 December 31, 2003, and before January 1, 2005, means the federal Internal Revenue

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3 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 106-519,
4 sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16,
5 sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27,
6 section 109 of P.L. 108-121, and section 1201 of P.L. 108-173, and as amendeded by P.L.
7 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 316, 401, and
8 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336,
9 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7,
10 P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
11 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73, excluding section 301 of P.L.
12 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section
13 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-227, and P.L.
14 109-280, excluding sections 811 and 844 of P.L. 109-280, and as indirectly affected
15 in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L.
16 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823
17 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.
18 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
19 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
20 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.
21 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections
22 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.
23 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.
24 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of
25 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.

1 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a)
2 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,
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, P.L. 108-375, P.L. 108-476, P.L. 109-7,
8 P.L. 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. 109-73, excluding section 301 of P.L.
10 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section
11 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-227, and P.L.
12 109-280, excluding sections 811 and 844 of P.L. 109-280. The Internal Revenue Code
13 applies for Wisconsin purposes at the same time as for federal purposes.
14 Amendments to the federal Internal Revenue Code enacted after December 31, 2003,
15 do not apply to this paragraph with respect to taxable years beginning after
16 December 31, 2003, and before January 1, 2005, except that changes to the Internal
17 Revenue Code made by 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. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309,
21 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73,
22 excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201
23 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.
24 109-135, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.
25 109-280, and changes that indirectly affect the provisions applicable to this

1 subchapter made by P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections
2 306, 307, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections
3 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L.
4 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309,
5 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73,
6 excluding section 301 of P.L. 109-73, 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, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L.
9 109-280, apply for Wisconsin purposes at the same time as for federal purposes.

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

12 71.22 (4) (r) 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, 2004, and before January 1, 2006, means the federal Internal Revenue
15 Code as amended to December 31, 2004, 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, sections 1, 3,
18 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section
19 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and
20 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403
21 (a) of P.L. 108-311, and sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and
22 910 of P.L. 108-357, and as amended by P.L. 109-7, P.L. 109-58, excluding sections
23 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.
24 109-58, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding
25 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and

1 (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207,
2 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280, excluding
3 sections 811 and 844 of P.L. 109-280, and as indirectly affected in the provisions
4 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, excluding
5 sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514
6 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L.
7 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L.
8 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150
9 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
10 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f),
11 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L.
12 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L.
13 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15,
14 P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L.
15 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L.
16 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections
17 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201
18 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306,
19 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201,
20 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L.
21 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323,
22 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-73, excluding
23 section 301 of P.L. 109-73, 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, P.L.
25 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L.

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

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

23 71.22 (4) (s) Except as provided in sub. (4m) and ss. 71.26 ~~(2)(b)~~ and (3), 71.34
24 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after
25 December 31, 2005, and before January 1, 2007, means the federal Internal Revenue

1 Code as amended to December 31, 2005, excluding sections 103, 104, and 110 of P.L.
2 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,
3 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3,
4 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section
5 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and
6 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403
7 (a) of P.L. 108-311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910
8 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326,
9 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301
10 of P.L. 109-73, and sections 101, 105, 201 (a) as it relates to section 1400S (a), 402
11 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and as amendeded by P.L. 109-222,
12 excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and
13 P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, and as indirectly
14 affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,
15 P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and
16 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.
17 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
18 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
19 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.
20 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections
21 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.
22 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.
23 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of
24 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.
25 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a)

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

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

1 71.22 (4) (t) Except as provided in sub. (4m) and ss. 71.26 ~~(2)(b)~~ and (3), 71.34
2 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after
3 December 31, 2006, means the federal Internal Revenue Code as amended to
4 December 31, 2006, excluding sections 103, 104, and 110 of P.L. 102-227, sections
5 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b),
6 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L.
7 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L.
8 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L.
9 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L.
10 108-311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.
11 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
12 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L.
13 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e),
14 (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, 512, and 513 of P.L.
15 109-222, sections 811 and 844 of P.L. 109-280, and P.L. 109-432, and as indirectly
16 affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,
17 P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and
18 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.
19 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections
20 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding
21 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.
22 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections
23 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.
24 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L.
25 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of

1 P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L.
2 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a)
3 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,
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. The Internal Revenue Code applies for Wisconsin purposes at the same
16 time as for federal purposes. Amendments to the federal Internal Revenue Code
17 enacted after December 31, 2006, do not apply to this paragraph with respect to
18 taxable years beginning after December 31, 2006.

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

20 71.22 (9a) "Qualified real estate investment trust" means a real estate
21 investment trust, except a real estate investment trust of which more than 50
22 percent of the voting power or value of the beneficial interests or shares are owned
23 or controlled, directly or indirectly, by a single entity that is subject to sections 301
24 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26 (1), and that

1 is not a real estate investment trust or a qualified real estate trust subsidiary under
2 section 856 (i) of the Internal Revenue Code.

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

4 71.22 (9c) "Real estate investment trust" means a real estate investment trust
5 under section 856 of the Internal Revenue Code.

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

7 71.22 (9d) "Real estate mortgage investment conduit" means a real estate
8 mortgage investment conduit under section 860D of the Internal Revenue Code.

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

10 71.22 (9e) "Regulated investment company" means a regulated investment
11 company under section 851 of the Internal Revenue Code.

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

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13 71.26 (2) (b) *Regulated investment companies, real estate investment trusts,*
14 *and real estate mortgage investment conduits.* 1. In this paragraph, except as
15 provided in subds. 2. to 5., "net income" means one of the following:

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

19 b. That part of the federal real estate investment trust income that is subject
20 to federal tax as provided in sections 856 and 857 of the Internal Revenue Code,
21 including federal undistributed net capital gain, federal net income from foreclosure
22 property, and federal net income derived from prohibited transactions. The
23 treatment of certain wholly owned subsidiaries under section 856 (i) of the Internal
24 Revenue Code shall apply in computing the net income of a real estate investment
25 trust.

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

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

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

15 4. If the real estate investment trust is not a qualified real estate investment
16 trust, all transactions between the real estate investment trust and an entity that
17 owns or controls, directly or indirectly, more than 50 percent of the voting power or
18 value of the beneficial interests or shares of the real estate investment trust, shall
19 be disregarded.

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

1 ~~indirectly, more than 50 percent of the voting power or value of the beneficial~~
2 ~~interests or shares of the real estate investment trust, shall be disregarded.~~

3 **SECTION 9341. Initial applicability; Revenue**

4 (1) REAL ESTATE INVESTMENT TRUST; REGULATED INVESTMENT COMPANY. The
5 treatment of section 71.26 (2) (b) of the statutes first applies to taxable years
6 beginning on ~~January~~ ^{July} 1, 2008.

7 (END)

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Replace hard numbers with auto numbers
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SECTION NUMBERS

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

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

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

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

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

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

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

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


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

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

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

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

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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. *ey* end INSA

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)

*replace
 hand
 inserted
 text
 as follows*

*Initial Applicability is Revenue
 Revenue*

[Large scribbled-out area]

Kreye, Joseph

From: Hynek, Sara - DOA [Sara.Hynek@Wisconsin.gov]
Sent: Monday, March 10, 2008 1:39 PM
To: Kreye, Joseph
Subject: RE: REITs Drafting Request

Hi Joe – I'm sorry for any confusion, but I believe we have determined that the effective date of these provisions should be July 1, 2008 (hence only revenue-generating for FY09 – I'm sorry if I was unclear earlier). Thanks!

Sara Hynek
Dept. of Administration
608-266-1923

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]
Sent: Monday, March 10, 2008 12:36 PM
To: Hynek, Sara - DOA
Cc: Grinde, Kirsten - DOA
Subject: RE: REITs Drafting Request

Sara (and Kirsten),

I just going to redraft LRB-4077 to accomplish this.

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Hynek, Sara - DOA [mailto:Sara.Hynek@Wisconsin.gov]
Sent: Friday, March 07, 2008 4:42 PM
To: Kreye, Joseph
Cc: Grinde, Kirsten - DOA
Subject: REITs Drafting Request

Hi Joe - to speed things along, I am attaching the drafting request about which I left you a voicemail, related to REITs. Any questions, please drop me or Kirsten Grinde a line. Thanks!

Sara Hynek
Division of Executive Budget & Finance
Department of Administration
101 East Wilson Street, 10th Floor
P.O. Box 7864
Madison, WI 53707-7864
phone: 608-266-1923

03/10/2008

fax: 608-267-0372
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