

2007 Mr8 DRAFTING REQUEST

Senate Amendment (SA-AB1)

Received: **03/19/2008**

Received By: **chanaman**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Bob Lang**

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

Drafter: **chanaman**

May Contact:

Addl. Drafters:

Subject: **State Finance - bud generally**

Extra Copies:

Submit via email: **YES**

Requester's email: **bob.lang@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Senate budget adjustment amendment

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>
/P1	chanaman 03/19/2008			_____			
/1			jfrantze 03/20/2008	_____	cduerst 03/20/2008	cduerst 03/20/2008	

FE Sent For:

<END>

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/P1	chanaman	p1/mk 3/19 (all)					

FE Sent For:

1 gjs 3/20/08

<END>

Barman, Mike

From: Hanaman, Cathlene
Sent: Friday, March 21, 2008 8:55 AM
To: Barman, Mike
Subject: RE: The compile list

-4247 is not in the compile (it is in the sub that was being amended--I put it in so I could tell what should remain in the otherwise gutted sub).

-4294 is SB446 (-3500) with SA1 to SB446 (a1420) engrossed into it.

From: Barman, Mike
Sent: Friday, March 21, 2008 7:59 AM
To: Hanaman, Cathlene
Subject: RE: The compile list

Did this end up being the final compile list?

From: Hanaman, Cathlene
Sent: Wednesday, March 19, 2008 10:25 AM
To: Aaron Gary; Becky Tradewell; Brett Balinsky; Christopher Sundberg; Debora Kennedy; Gordon Malaise; Jeffery Kuesel; Joseph Kreye; Marc Shovers; Mark Kunkel; Mary Gibson-Glass; Pam Kahler; Peggy Hurley; Peter Grant; Rick Champagne; Robert Nelson; Robin Kite; Robin Ryan; Tracy Kuczenski; Becky Kraft; Chris Siciliano; Joy Geller; Kathy Follett; Laura Kunkel; Wendy Jackson; Jean Frantzen; Noah Natzke; Patty Greenslet; Ron Schlueter; Christina Duerst; Lori Northrop; Mike Barman; Sarah Basford; Steve Miller
Subject: The compile list

Unless someone corrects me, I believe this is what will be compiled (and then converted into an amendment):

JK -4292 the comp tax
~~PG -4247 school aid~~
JK -3832 the ole' Las Vegas Loophole
DAK -4301 hospital assessment
CMH -4297 tobacco securitization
MDK -4296 USF
JK -4294 Main street equity
ARG -4295 transportation stuff and real id
-4299
-4300
PJK -4293 child care
CMH -4298 stat balance/rainy day
RAC -4188 Interfund cash flow borrowing

Assuming all redrafts are processed by 11, we plan to start the compile then (or we'll start it later if need be). After compiling, we will put a master (-4302/p1) in Steve's office in case you get any redraft instructions. We will be converting it into a "simple" this afternoon. Thanks to those of you who have offered assistance (the more reticent ones are subject to being drafted or to ridicule).

2007 DRAFTING REQUEST

Bill

Received: **03/19/2008**

Received By: **chanaman**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Reference Bureau**

By/Representing:

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

Drafter: **chanaman**

May Contact:

Addl. Drafters:

Subject: **State Finance - bud generally**

Extra Copies:

Submit via email: **NO**

Pre Topic:

No specific pre topic given

Topic:

Compile for Senate Dems to be converted into simple

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>
/P1	chanaman 03/21/2008			_____ _____			

FE Sent For:

<END>

Numbers

2007 LRB-4302 Compile List (used to create LRBb1275)

LRB-3832

LRB-4188

LRB-4292

LRB-4293

LRB-4294

LRB-4295

LRB-4296

LRB-4297

LRB-4298

LRB-4299

LRB-4300

LRB-4301



State of Wisconsin
2007 - 2008 LEGISLATURE

6/27/07/P1

LRB-4302/P1

ALL:all:all

stays

stays

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

SA

ASA 1

AB 1

Amend the ~~bill~~ bill; as shown by assembly
substitute amendment 1; as follows:

1 AN ACT ...; relating to: the budget adjustment bill; delaying the
2 payment of a portion of state school aid; requiring the combined reporting of
3 corporate income and franchise taxes; the budget adjustment bill; relating
4 to: the budget adjustment bill; relating to: certain contributions to the universal
5 service fund; the streamlined sales and use tax agreement; relating to: the
6 budget adjustment bill; the budget adjustment bill; relating to: the budget
7 adjustment bill; relating to: child care payments authorization; lapses to the
8 general fund during the 2007-09 and 2009-11 fiscal biennia; relating to: the
9 budget adjustment bill and making an appropriation.

Analysis by the Legislative Reference Bureau

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

10 *-4247/5.1* SECTION 1. 13.101 (6) (a) of the statutes, as affected by 2007
11 Wisconsin Act 20, is amended to read:

1 13.101 (6) (a) As an emergency measure necessitated by decreased state
 2 revenues and to prevent the necessity for a state tax on general property, the
 3 committee may reduce any appropriation made to any board, commission,
 4 department, or the University of Wisconsin System, or to any other state agency or
 5 activity, by such amount as it deems feasible, not exceeding 25% of the
 6 appropriations, except appropriations made by ss. 20.255 (2) (ac), (at), (bc), (bh), (cg),
 7 and (cr), 20.395 (1), (2) (cq), (eq) to (ex) and (gq) to (gx), (3), (4) (aq) to (ax), and (6)
 8 (af), (aq), (ar), and (au), 20.435 (6) (a) and (7) (da), and 20.437 (2) (a) and (dz) or for
 9 forestry purposes under s. 20.370 (1), or any other moneys distributed to any county,
 10 city, village, town, or school district. Appropriations of receipts and of a sum
 11 sufficient shall for the purposes of this section be regarded as equivalent to the
 12 amounts expended under such appropriations in the prior fiscal year which ended
 13 June 30. All functions of said state agencies shall be continued in an efficient
 14 manner, but because of the uncertainties of the existing situation no public funds
 15 should be expended or obligations incurred unless there shall be adequate revenues
 16 to meet the expenditures therefor. For such reason the committee may make
 17 reductions of such appropriations as in its judgment will secure sound financial
 18 operations of the administration for said state agencies and at the same time
 19 interfere least with their services and activities.

Page 3 line 15: after that line insert: 9

20 *-4301/P1.1* *b1194/P2.1* SECTION 2. 13.101 (18) of the statutes is created

21 to read:

22 13.101 (18) Notwithstanding sub. (4), the committee may not transfer moneys
 23 from the appropriation account under s. 20.435 (4) (xc) to another appropriation
 24 account.

25 *-4247/5.2* SECTION 3. 16.50 (1) (b) of the statutes is amended to read:

1 16.50 (1) (b) This subsection does not apply to appropriations under ss. 20.255
2 (2) (ac), and (at), 20.835, and 20.865 (4).

3 ~~*-4247/5.3* SECTION 4.~~ 16.518 (title) of the statutes is amended to read:

4 ~~16.518 (title) **Transfers Reductions in school aid; delayed payment and**~~
5 ~~**transfers to the budget stabilization fund and the cash building projects**~~
6 ~~**fund.**~~

7 ~~*-4247/5.4* SECTION 5.~~ 16.518 (2m) of the statutes is created to read:

8 16.518 (2m) (a) If the amount of moneys projected to be deposited in the general
9 fund during the fiscal year that are designated as "Taxes" in the summary are less
10 than the amount of such moneys actually deposited in the general fund during the
11 fiscal year, the secretary shall reduce the amount of the delayed general school aid
12 payment required under s. 121.15 (1m) (a) 4. by the difference.

13 (b) If there is a balance remaining after the amount of the delayed general
14 school aid payment required under s. 121.15 (1m) (a) 4. is reduced to zero under par.
15 (a), the secretary shall use it to reduce the amount of the delayed general school aid
16 payment required under s. 121.15 (1m) (a) 3.

17 ~~*-4247/5.5* SECTION 6.~~ 16.518 (3) (b) 3. of the statutes is created to read:

18 16.518 (3) (b) 3. If the amounts of the delayed general school aid payments
19 required under s. 121.15 (1m) (a) 3. and 4. are not reduced to zero under sub. (2m),
20 the secretary may not make the transfer under par. (a).

21 ~~*-4247/5.6* SECTION 7.~~ 16.52 (10) of the statutes is amended to read:

22 16.52 (10) DEPARTMENT OF PUBLIC INSTRUCTION. The provisions of sub. (2) with
23 respect to refunds and sub. (5) (a) with respect to reimbursements for the prior fiscal
24 year shall not apply to the ~~appropriation~~ appropriations under s. 20.255 (2) (ac) and
25 (at).

Page 4, line 17: delete lines 17 to 20 and substitute:

1 *-4301/P1.2* SECTION 8. 20.005 (3) (schedule) of the statutes: at the
2 appropriate place, insert the following amounts for the purposes indicated:

3 2007-08 2008-09

4 20.435 Health and family services, department
5 of

6 (4) HEALTH SERVICES PLANNING; REG & DELIVERY; HLTH
7 CARE FIN; OTHER SUPPORT PGMS

8 (xc) Hospital assessment fund; hospi-
9 tal payments and refunds SEG B 145,032,800 147,726,500

10 (xd) Hospital assessment fund; Medi-
11 cal Assistance program benefits SEG B 58,500,000 65,000,000 (11)

12 ~~*-4247/5.7* SECTION 9. 20.255 (2) (at) of the statutes is created to read:~~

13 ~~20.255 (2) (at) General equalization aids; reduction in delayed payment. A sum~~
14 ~~sufficient equal to the amount of the reductions made under s. 16.518 (2m) in the~~
15 ~~current fiscal year to the amounts of the delayed school aid payments under s. 121.15~~
16 ~~(1m) (a) 3. and 4., for the payment of educational aids under s. 121.08.~~

17 *-4301/P1.3* SECTION 10. 20.435 (4) (gp) of the statutes is repealed.

18 *-4301/P1.4* *b1194/P2.3* SECTION 11. 20.435 (4) (xc) of the statutes is
19 created to read:

20 20.435 (4) (xc) Hospital assessment fund; hospital payments and refunds.

21 Biennially, from the medical assessment trust fund, the amounts in the schedule for
22 increased payments and refunds to hospitals and for higher capitated payment rates
23 under s. 49.45 (58) (a), as the Medical Assistance nonfederal share, in order to
24 increase payment rates in excess of the aggregate inpatient and outpatient hospital

Page 4, line 25: insert that line number

1 payment rates in effect in fiscal year 2006-07 for services provided by hospitals
2 under the Medical Assistance program administered under subch. IV of ch. 49.

3 ~~*-4301/P1.5* SECTION 12.~~ ⁹²⁸ 20.435 (4) (xd) of the statutes is created to read:

4 20.435 (4) (xd) *Hospital assessment fund; Medical Assistance program benefits.*

5 Biennially, from the hospital assessment fund, the amounts in the schedule to
6 provide a portion of the state share of Medical Assistance program benefits
7 administered under subch. IV of ch. 49.

8 ~~*-4294/P1.1* SECTION 13.~~ ^{9af} 20.566 (1) (ho) of the statutes is created to read:

9 20.566 (1) (ho) *Collections under multistate streamlined sales tax project.* From
10 moneys collected under the multistate streamlined sales tax project as provided
11 under s. 73.03 (28e), a sum sufficient to pay the dues necessary to participate in the
12 governing board of the multistate streamlined sales tax project.

13 ~~*-4300/P2.1* SECTION 14.~~ ^{9az} 20.866 (2) (uur) of the statutes is amended to read:

14 20.866 (2) (uur) *Transportation; state highway rehabilitation projects.* From
15 the capital improvement fund, a sum sufficient for the department of transportation
16 to fund state highway rehabilitation projects, as provided under s. 84.95. The state
17 may contract public debt in an amount not to exceed ~~\$250,000,000~~ \$300,000,000 for
18 this purpose.

19 ~~*-4301/P1.6* SECTION 15.~~ ^{9ah} 25.17 (1) (gs) of the statutes is created to read:

20 25.17 (1) (gs) *Hospital assessment fund (s. 25.772);*

21 ~~*-4297/P1.1* SECTION 16.~~ ^{9ai} 25.69 of the statutes, as affected by 2007 Wisconsin
22 Act 20, is amended to read:

23 **25.69 Permanent endowment fund.** There is established a separate
24 nonlapsible trust fund designated as the permanent endowment fund, consisting of
25 all of the proceeds from the sale of the state's right to receive payments under the

1 Attorneys General Master Tobacco Settlement Agreement of November 23, 1998,
2 and all investment earnings on the proceeds. There is transferred from the
3 permanent endowment fund to the Medical Assistance trust fund \$50,000,000
4 \$68,000,000 in each fiscal year. *Ma 9aj*

5 ***-4301/P1.7* SECTION 17,** 25.772 of the statutes is created to read:

6 **25.772 Hospital assessment fund.** There is established a separate
7 nonlapsible trust fund designated as the hospital assessment fund, to consist of all
8 moneys received under s. 50.375 from assessments on hospitals.

9 ***-4301/P1.8* *-0892/11.13* SECTION 18,** *9ak* 46.27 (9) (a) of the statutes is
10 amended to read:

11 46.27 (9) (a) The department may select up to 5 counties that volunteer to
12 participate in a pilot project under which they will receive certain funds allocated for
13 long-term care. The department shall allocate a level of funds to these counties
14 equal to the amount that would otherwise be paid under s. 20.435 (4) (b), ~~(gp)~~, or (w),
15 or (xd), to nursing homes for providing care because of increased utilization of
16 nursing home services, as estimated by the department. In estimating these levels,
17 the department shall exclude any increased utilization of services provided by state
18 centers for the developmentally disabled. The department shall calculate these
19 amounts on a calendar year basis under sub. (10). *9ak*

20 ***-4301/P1.9* *-0892/11.14* SECTION 19,** *9ak* 46.27 (10) (a) 1. of the statutes is
21 amended to read:

22 46.27 (10) (a) 1. The department shall determine for each county participating
23 in the pilot project under sub. (9) a funding level of state medical assistance
24 expenditures to be received by the county. This level shall equal the amount that the
25 department determines would otherwise be paid under s. 20.435 (4) (b), ~~(gp)~~, or (w),

1 or (xd), or because of increased utilization of nursing home services, as estimated by
2 the department.

3 ***-4301/P1.10* *-0892/11.15* SECTION 20** ^{9am} 46.275 (5) (a) of the statutes is
4 amended to read:

5 46.275 (5) (a) Medical Assistance reimbursement for services a county, or the
6 department under sub. (3r), provides under this program is available from the
7 appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and (xd). If 2 or more
8 counties jointly contract to provide services under this program and the department
9 approves the contract, Medical Assistance reimbursement is also available for
10 services provided jointly by these counties.

11 ***-4301/P1.11* *-0892/11.16* SECTION 21** ^{9am} 46.275 (5) (c) of the statutes is
12 amended to read:

13 46.275 (5) (c) The total allocation under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and
14 (xd) to counties and to the department under sub. (3r) for services provided under
15 this section may not exceed the amount approved by the federal department of health
16 and human services. A county may use funds received under this section only to
17 provide services to persons who meet the requirements under sub. (4) and may not
18 use unexpended funds received under this section to serve other developmentally
19 disabled persons residing in the county.

20 ***-4301/P1.12* *-0892/11.19* SECTION 22** ^{9ao} 46.283 (5) of the statutes is
21 amended to read:

22 46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),
23 (bm), ~~(gp)~~, (pa), and (w), and (xd) and (7) (b), (bd), and (md), the department may
24 contract with organizations that meet standards under sub. (3) for performance of

1 the duties under sub. (4) and shall distribute funds for services provided by resource
2 centers.

3 ~~*-4301/P1.13* SECTION 23.~~ ^{9ap} 46.284 (5) (a) of the statutes, as affected by 2007
4 Wisconsin Act 20, is amended to read:

5 46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), ~~(gp)~~,
6 (im), (o), ~~and (w)~~, and (xd) and (7) (b), (bd), and (g), the department shall provide
7 funding on a capitated payment basis for the provision of services under this section.
8 Notwithstanding s. 46.036 (3) and (5m), a care management organization that is
9 under contract with the department may expend the funds, consistent with this
10 section, including providing payment, on a capitated basis, to providers of services
11 under the family care benefit.

12 ~~*-4301/P1.14* *-0892/11.21* SECTION 24.~~ ^{9aq} 46.485 (2g) (intro.) of the statutes
13 is amended to read:

14 46.485 (2g) (intro.) From the appropriation accounts under s. 20.435 (4) (b) and
15 ~~(gp)~~ (xd), the department may in each fiscal year transfer funds to the appropriation
16 under s. 20.435 (7) (kb) for distribution under this section and from the appropriation
17 account under s. 20.435 (7) (mb) the department ~~may not~~ shall distribute more than
18 \$1,330,500 in each fiscal year to applying counties in this state that meet all of the
19 following requirements, as determined by the department:

20 ~~*-4294/P1.2* SECTION 25.~~ ^{9ar} 46.513 of the statutes is repealed.

21 ~~*-4293/P1.1* SECTION 26.~~ ^{9bd} 49.155 (6m) of the statutes is created to read:

22 49.155 (6m) AUTHORIZATION FOR PAYMENT. (a) In this subsection:

23 1. "Certified provider" means a child care provider certified under s. 48.651.

24 2. "Child care administrative agency" means any agency that has a contract
25 with the department to administer child care funds or any agency that has a

1 subcontract to administer child care funds with an agency that has a contract with
2 the department.

3 3. "Licensed provider" means a child care provider licensed under s. 48.65.

4 (b) A child care administrative agency shall authorize payment to child care
5 providers as follows:

6 1. For a licensed provider, the child care administrative agency shall authorize
7 payment based on authorized units of service, except as follows:

8 a. The child care administrative agency may authorize payment to a licensed
9 provider based on units of service used by each child, up to the maximum number of
10 authorized units, with the reimbursement rate increased by 10 percent to account
11 for absent days, if the schedule of child care to be used is expected to vary widely.

12 b. The child care administrative agency may authorize payment to a licensed
13 provider based on units of service used by each child, up to the maximum number of
14 authorized units, if the child care administrative agency has documented 3 separate
15 occasions on which the provider significantly overreported the attendance of a child.

16 2. For a certified provider, the child care administrative agency shall authorize
17 payment for units of service used by each child, up to the maximum number of
18 authorized units, except as provided in par. (c).

19 (c) A child care administrative agency may authorize payment to a licensed or
20 certified provider to hold a slot for a child if the child's parent has a temporary break
21 in employment and intends to return to work and to continue to use the services of
22 the provider upon returning to work. The child care administrative agency may
23 authorize payment for no more than 6 weeks if the absence is due to a medical reason
24 and is documented by a physician or for no more than 4 weeks if the absence is due
25 to another reason. The department and child care administrative agency may not

1 consider payment for a temporary absence to be an overpayment if the parent
2 intended to, but does not actually, return to work.

3 ^{9be}
4 ***-4293/P1.2* SECTION 27.** 49.175 (1) (p) of the statutes, as affected by 2007
5 Wisconsin Act 20, is amended to read:

6 49.175 (1) (p) *Direct child care services.* For direct child care services under s.
7 49.155, ~~\$340,601,800~~ \$359,201,800 in fiscal year 2007-08 and \$355,352,000 in fiscal
8 year 2008-09.

9 ^{9bf}
10 ***-4301/P1.15* *-0892/11.22* SECTION 28.** 49.45 (2) (a) 17. of the statutes is
11 amended to read:

12 49.45 (2) (a) 17. Notify the governor, the joint committee on legislative
13 organization, the joint committee on finance and appropriate standing committees,
14 as determined by the presiding officer of each house, if the appropriation accounts
15 under s. 20.435 (4) (b) and ~~(gp)~~ (xd) are insufficient to provide the state share of
16 medical assistance.

17 ^{9bg}
18 ***-4301/P1.16* SECTION 29.** 49.45 (5m) (ag) of the statutes is repealed.

19 ^{9bn}
20 ***-4301/P1.17* *-0892/11.23* SECTION 30.** 49.45 (5m) (am) of the statutes is
21 amended to read:

22 49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriation accounts
23 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and (xd), the department shall distribute not
24 more than ~~\$2,256,000~~ \$5,256,000 in each fiscal year 2007-08 and each fiscal year
thereafter, to provide supplemental funds to rural hospitals that, as determined by
the department, have high utilization of inpatient services by patients whose care
is provided from governmental sources, ~~and to provide supplemental funds to critical~~
~~access hospitals~~, except that the department may not distribute funds to a rural

1 hospital ~~or to a critical access hospital~~ to the extent that the distribution would
2 exceed any limitation under 42 USC 1396b (i) (3). *9bi*

3 ***-4301/P1.18* *-0892/11.24* SECTION 31.** 49.45 (6m) (ag) (intro.) of the
4 statutes, as affected by 2007 Wisconsin Act 97, is amended to read:

5 49.45 (6m) (ag) (intro.) Payment for care provided in a facility under this
6 subsection made under s. 20.435 (4) (b), (~~gp~~), (o), (pa), ~~or~~ (w), or (xd) shall, except as
7 provided in pars. (bg), (bm), and (br), be determined according to a prospective
8 payment system updated annually by the department. The payment system shall
9 implement standards that are necessary and proper for providing patient care and
10 that meet quality and safety standards established under subch. II of ch. 50 and ch.
11 150. The payment system shall reflect all of the following:

12 ***-4301/P1.19* *-0892/11.25* SECTION 32.** *9bk* 49.45 (6v) (b) of the statutes is
13 amended to read:

14 49.45 (6v) (b) The department shall, each year, submit to the joint committee
15 on finance a report for the previous fiscal year, except for the 1997-98 fiscal year, that
16 provides information on the utilization of beds by recipients of medical assistance in
17 facilities and a discussion and detailed projection of the likely balances,
18 expenditures, encumbrances and carry over of currently appropriated amounts in
19 the appropriation accounts under s. 20.435 (4) (b), (~~gp~~), and (o), and (xd).

20 ***-4301/P1.20* *-0892/11.26* SECTION 33.** *9bL* 49.45 (6x) (a) of the statutes is
21 amended to read:

22 49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriation accounts
23 under s. 20.435 (4) (b), (~~gp~~), (o), and (w), and (xd), the department shall distribute not
24 more than \$4,748,000 in each fiscal year, to provide funds to an essential access city
25 hospital, except that the department may not allocate funds to an essential access

1 city hospital to the extent that the allocation would exceed any limitation under 42
2 USC 1396b (i) (3).

3 ***-4301/P1.21* *-0892/11.27* SECTION 34.** 49.45 (6y) (a) of the statutes is
4 amended to read:

5 49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriation accounts
6 under s. 20.435 (4) (b), (~~gp~~), (o), and (w), and (xd), the department shall ~~shall~~ may
7 distribute funding in each fiscal year to provide supplemental payment to hospitals
8 that enter into a contract under s. 49.02 (2) to provide health care services funded
9 by a relief block grant, as determined by the department, for hospital services that
10 are not in excess of the hospitals' customary charges for the services, as limited under
11 42 USC 1396b (i) (3). If no relief block grant is awarded under this chapter or if the
12 allocation of funds to such hospitals would exceed any limitation under 42 USC
13 1396b (i) (3), the department may distribute funds to hospitals that have not entered
14 into a contract under s. 49.02 (2).

15 ***-4301/P1.22* *-0892/11.28* SECTION 35.** 49.45 (6y) (am) of the statutes is
16 amended to read:

17 49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriation accounts
18 under s. 20.435 (4) (b), (h), (~~gp~~), (o), and (w), and (xd), the department shall distribute
19 funding in each fiscal year to provide supplemental payments to hospitals that enter
20 into contracts under s. 49.02 (2) with a county having a population of 500,000 or more
21 to provide health care services funded by a relief block grant, as determined by the
22 department, for hospital services that are not in excess of the hospitals' customary
23 charges for the services, as limited under 42 USC 1396b (i) (3).

24 ***-4301/P1.23* SECTION 36.** 49.45 (6z) (a) (intro.) of the statutes, as affected by
25 2007 Wisconsin Act 20, is amended to read:

1 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation
2 accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), ~~and (w)~~, and (xd), the department may
3 distribute funding in each fiscal year to supplement payment for services to hospitals
4 that enter into indigent care agreements, in accordance with the approved state plan
5 for services under 42 USC 1396a, with relief agencies that administer the medical
6 relief block grant under this chapter, if the department determines that the hospitals
7 serve a disproportionate number of low-income patients with special needs. If no
8 medical relief block grant under this chapter is awarded or if the allocation of funds
9 to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the
10 department may distribute funds to hospitals that have not entered into indigent
11 care agreements. The department may not distribute funds under this subsection
12 to the extent that the distribution would do any of the following:

13 *-4301/P1.24* *-0892/11.29* SECTION 37. 49.45 (8) (b) of the statutes is
14 amended to read:

15 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b), ~~(gp)~~, (o), ~~and (w)~~, and (xd)
16 for home health services provided by a certified home health agency or independent
17 nurse shall be made at the home health agency's or nurse's usual and customary fee
18 per patient care visit, subject to a maximum allowable fee per patient care visit that
19 is established under par. (c).

20 *-4301/P1.25* *-0892/11.30* SECTION 38. 49.45 (24m) (intro.) of the statutes
21 is amended to read:

22 49.45 (24m) (intro.) From the appropriation accounts under s. 20.435 (4) (b),
23 ~~(gp)~~, (o), ~~and (w)~~, and (xd), in order to test the feasibility of instituting a system of
24 reimbursement for providers of home health care and personal care services for

1 medical assistance recipients that is based on competitive bidding, the department
2 shall:

3 *9, 27*
-4301/P1.26 ***-0892/11.31*** SECTION **39**. 49.45 (52) of the statutes is
4 amended to read:

5 49.45 (52) PAYMENT ADJUSTMENTS. Beginning on January 1, 2003, the
6 department may, from the appropriation account under s. 20.435 (7) (b), make
7 Medical Assistance payment adjustments to county departments under s. 46.215,
8 46.22, 46.23, or 51.42, or 51.437 or to local health departments, as defined in s. 250.01
9 (4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and
10 (b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment
11 adjustments under this subsection shall include the state share of the payments.
12 The total of any payment adjustments under this subsection and Medical Assistance
13 payments made from appropriation accounts under s. 20.435 (4) (b), (~~gp~~), (o), and (w),
14 and (xd) may not exceed applicable limitations on payments under 42 USC 1396a (a)
15 (30) (A). *bu*

16 ***-4301/P1.27*** SECTION **40**. 49.45 (58) of the statutes is created to read:

17 49.45 (58) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a) The
18 department shall develop a methodology for calculating rate increases for inpatient
19 and outpatient hospital services in connection with the assessment imposed on
20 hospitals under s. 50.375. The methodology shall incorporate encounter data
21 provided by health maintenance organizations and information that the department
22 uses to calculate the capitated rates that the department pays health maintenance
23 organizations for providing services to recipients of medical assistance. The
24 department shall publicly disclose the methodology. The department shall review
25 the methodology at least once every 12 months.

1 (b) The department shall require, as a term of contracts with health
2 maintenance organizations to provide medical assistance services, that the health
3 maintenance organization do all of the following:

4 1. Make monthly prospective payments, calculated using the methodology
5 under par. (a), to hospitals that serve medical assistance recipients who are enrolled
6 in the health maintenance organization.

7 2. Calculate the amounts that result from applying the rate increases that are
8 derived using the methodology under par. (a) to services for recipients of medical
9 assistance for which hospitals submit claims to the health maintenance
10 organization.

11 3. Within 90 days after the end of each 6-month period, compare the amounts
12 that the health maintenance organization paid hospitals under subd. 1. for the
13 6-month period with the amounts calculated under subd. 2. for services provided
14 during that same period. If the amounts under subd. 2. exceed the amounts of the
15 payments under subd. 1., pay hospitals the difference within 90 days.

16 (c) If the amounts that a health maintenance organization paid hospitals under
17 par. (b) 1. for a 6-month period exceed the amounts calculated under par. (b) 2. for
18 services provided during the same period, hospitals shall pay the health
19 maintenance organization the difference within 90 days after the comparison of
20 amounts under par. (b) 3. is completed.

21 (d) If the department determines that a health maintenance organization has
22 not complied with a condition under par. (b), the department shall require the health
23 maintenance organization to comply with the condition within 15 days after the
24 department's determination. The department may terminate a contract with a
25 health maintenance organization for failure to comply with a condition under par.

1 (b). The department shall audit health maintenance organizations to determine
2 whether they have complied with the conditions under par. (b).

3 (e) If a health maintenance organization and hospital cannot resolve the
4 amount that a health maintenance organization owes a hospital under par. (b) 3. or
5 that a hospital owes a health maintenance organization under par. (c), and either the
6 health maintenance organization or the hospital, within 6 months after the end of
7 the time period to which the disputed amount relates, requests that the department
8 determine the amount owed, the department shall determine the amount within 90
9 days after the request is made. The health maintenance organization or hospital is,
10 upon request, entitled to a contested case hearing under ch. 227 on the department's
11 determination.

12 *qcb*
-4301/P1.28 *-0892/11.32* SECTION 41. 49.472 (6) (a) of the statutes is
13 amended to read:

14 49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation account
15 under s. 20.435 (4) (b), (~~gp~~), ~~or~~ (w), or (xd), the department shall, on the part of an
16 individual who is eligible for medical assistance under sub. (3), pay premiums for or
17 purchase individual coverage offered by the individual's employer if the department
18 determines that paying the premiums for or purchasing the coverage will not be more
19 costly than providing medical assistance.

20 *qcc*
-4301/P1.29 *-0892/11.33* SECTION 42. 49.472 (6) (b) of the statutes is
21 amended to read:

22 49.472 (6) (b) If federal financial participation is available, from the
23 appropriation account under s. 20.435 (4) (b), (~~gp~~), ~~or~~ (w), or (xd), the department may
24 pay medicare Part A and Part B premiums for individuals who are eligible for
25 medicare and for medical assistance under sub. (3).

1 *-4301/P1.30* *-0892/11.34* SECTION 43. 49.473 (5) of the statutes is
2 amended to read:

3 49.473 (5) The department shall audit and pay, from the appropriation
4 accounts under s. 20.435 (4) (b), ~~(gp)~~, and (o), and ~~(xd)~~, allowable charges to a provider
5 who is certified under s. 49.45 (2) (a) 11. for medical assistance on behalf of a woman
6 who meets the requirements under sub. (2) for all benefits and services specified
7 under s. 49.46 (2).

8 *-4301/P1.31* *b1194/P2.12* SECTION 44. 50.375 of the statutes is created to
9 read:

10 **50.375 Assessment.** (1) Except as provided in subs. (2) and (7), for the
11 privilege of doing business in this state, there is imposed on each hospital an annual
12 assessment, based on the hospital's gross patient revenue, that each hospital shall
13 pay quarterly by September 1, December 1, March 1, and June 1 of each year,
14 beginning with the payment due by September 1, 2008, except that the entire annual
15 assessment for fiscal year 2007-08 shall be paid by June 1, 2008. The assessments
16 shall be deposited into the hospital assessment fund.

17 (2) At the discretion of the department, a hospital that is unable timely to make
18 a payment by a date specified under sub. (1) may be allowed to make a delayed
19 payment. A determination by the department that a hospital may not make a
20 delayed payment under this subsection is final and is not subject to review under ch.
21 227.

22 (3) The amount of each hospital's assessment shall be based on the information
23 that shall be provided to the department under s. 153.46 (5) or shall be based on any
24 other source that is approved in the state plan for services under 42 USC 1396.

1 (4) The department shall verify the amount of each hospital's gross patient
2 revenue and shall determine the amount of the assessment owed by each hospital
3 based on a uniform rate that is applicable to total gross patient revenue that the
4 department estimates will yield the amounts specified in the appropriation schedule
5 under s. 20.005 (3) for the appropriation accounts under s. 20.435 (4) (xc) and (xd).

6 (5) The department shall levy, enforce, and collect the assessments under this
7 section and shall develop and distribute forms necessary for these purposes.

8 (6) If the department determines that any portion of the revenue collected
9 under sub. (5) to provide Medical Assistance program benefits and payment
10 increases for inpatient and outpatient hospital services as fee for service or through
11 health maintenance organizations or to support the Medical Assistance Program is
12 not eligible for federal financial participation, the department will refund that
13 amount of revenue to hospitals in proportion to each hospital's payment of the
14 assessment.

15 (7) This section does not apply to a critical access hospital, as defined in s. 50.33
16 (1g), or to an institution for mental diseases, as defined in s. 46.011 (1m).

17 (8) Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to
18 (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under
19 subch. III of ch. 77, apply to the assessment under this section, except that the
20 amount of any assessment collected under sub. (1) shall be deposited in the hospital
21 assessment fund.

22 (9) By December 31, 2008, and by every December 31 thereafter, the
23 department shall report to the joint committee on finance all of the following
24 information for the immediately previous state fiscal year:

25 (a) The total amount of assessments collected under this section.

1 (b) The total amount of assessments collected from each hospital under this
2 section.

3 (c) The total amounts that the department determines were paid to health
4 maintenance organizations for increased Medical Assistance payments to hospitals.

5 (d) The total amount of payments made to each hospital by health maintenance
6 organizations under s. 49.45 (58) (b) 1.

7 (e) The total amount of Medical Assistance payments made to each hospital and
8 the portion of the Medical Assistance capitated payments made to health
9 maintenance organizations for inpatient and outpatient hospital services from
10 appropriation accounts of general purpose revenues.

11 (f) The total amounts, including the amounts specified under par. (c), that the
12 department determines were paid to health maintenance organizations for Medical
13 Assistance payments to hospitals.

14 (g) The results of any audits conducted by the department under s. 49.45 (58)
15 concerning Medical Assistance payments and any actions taken by the department
16 as a result of such an audit.

17 *9cf*
~~4299/P1.1~~ *~~b0399/P1.1~~* SECTION ~~45~~ 59.58 (6) (cb) of the statutes is created
18 to read:

19 59.58 (6) (cb) The authority shall be responsible for sponsoring, developing,
20 constructing, and operating a commuter rail transit system connecting the cities of
21 Kenosha, Racine, and Milwaukee, to be known as the KRM commuter rail link.

22 *9cg*
~~4299/P1.2~~ *~~b0399/P1.1~~* SECTION ~~46~~ 59.58 (6) (cr) of the statutes is
23 amended to read:

24 59.58 (6) (cr) The authority may hire staff, conduct studies, and expend funds
25 essential to the preparation of the report specified in par. (e) and in furtherance of

1 its responsibility under par. (cb) to develop and construct the KRM commuter rail
2 link.

3 *9ch*
4 ***-4299/P1.3* *b0397/1.1* SECTION 47.** 59.58 (6) (e) 3g. of the statutes is
5 created to read:

6 59.58 (6) (e) 3g. A study on the feasibility of adding a commuter rail stop and
7 station at points where any proposed commuter rail route would intersect National
8 Avenue in the city of Milwaukee or Greenfield Avenue in the city of Milwaukee or
9 both.

10 *9ci*
11 ***-4299/P1.4* *b0398/2.1* SECTION 48.** 59.58 (6) (e) 3m. of the statutes is
12 created to read:

13 59.58 (6) (e) 3m. A study on the feasibility of extending any proposed commuter
14 rail project through the 30th Street corridor in the city of Milwaukee to the northern
15 county line of Milwaukee County.

16 *9cj*
17 ***-4299/P1.5* *b0399/P1.1* SECTION 49.** 59.58 (6) (e) 4r. and 6. of the statutes
18 are repealed.

19 *9ck*
20 ***-4299/P1.6* *b0399/P1.1* SECTION 50.** 59.58 (6) (f) of the statutes is created
21 to read:

22 59.58 (6) (f) 1. The authority may issue bonds, the principal and interest on
23 which are payable exclusively from all or a portion of any revenues received by the
24 authority. The authority may secure its bonds by a pledge of any income or revenues
from any operations, rent, aids, grants, subsidies, contributions, or other source of
moneys whatsoever.

2. The authority may issue bonds in an aggregate principal amount not to
exceed \$50,000,000, excluding bonds issued to refund outstanding bonds issued

1 under this subdivision, for the purpose of providing funds for the anticipated local
2 funding share required for initiating KRM commuter rail link service.

3 3. Neither the governing body of the authority nor any person executing the
4 bonds is personally liable on the bonds by reason of the issuance of the bonds.

5 4. The bonds of the authority are not a debt of the counties that created the
6 authority. Neither these counties nor the state are liable for the payment of the
7 bonds. The bonds of the authority shall be payable only out of funds or properties
8 of the authority. The bonds of the authority shall state the restrictions contained in
9 this subdivision on the face of the bonds.

10 5. Bonds of the authority shall be authorized by resolution of the authority's
11 governing body. The bonds may be issued under such a resolution or under a trust
12 indenture or other security instrument. The bonds may be issued in one or more
13 series and may be in the form of coupon bonds or registered bonds under s. 67.09.
14 The bonds shall bear the dates, mature at the times, bear interest at the rates, be in
15 the denominations, have the rank or priority, be executed in the manner, be payable
16 in the medium of payment and at the places, and be subject to the terms of
17 redemption, with or without premium, as the resolution, trust indenture, or other
18 security instrument provides. The authority may sell the bonds at public or private
19 sales at the price or prices determined by the authority. If a member of the governing
20 body of the authority whose signature appears on any bonds or coupons ceases to be
21 a member of the governing body of the authority before the delivery of such
22 obligations, the member's signature shall, nevertheless, be valid for all purposes as
23 if the member had remained a member until delivery of the bonds.

24 6. The authority may issue refunding bonds for the purpose of paying any of
25 its bonds at or prior to maturity or upon acceleration or redemption. The authority

1 may issue refunding bonds at such time prior to the maturity or redemption of the
2 refunded bonds as the authority deems to be in the public interest. The refunding
3 bonds may be issued in sufficient amounts to pay or provide the principal of the bonds
4 being refunded, together with any redemption premium on the bonds, any interest
5 accrued or to accrue to the date of payment of the bonds, the expenses of issue of the
6 refunding bonds, the expenses of redeeming the bonds being refunded, and such
7 reserves for debt service or other capital or current expenses from the proceeds of
8 such refunding bonds as may be required by the resolution, trust indenture, or other
9 security instruments. To the extent applicable, refunding bonds are subject to subd.

10 5.

11 *qcl*
-4294/P1.3 SECTION 51. 66.0615 (1m) (f) 2. of the statutes is amended to
12 read:

13 66.0615 (1m) (f) 2. Sections 77.51 (12m), (14) (e), (f) and (j) and, (14g), (15a),
14 and (15b), 77.52 (3), (4), (6) and (13), (14), (18), and (19), 77.522, 77.58 (1) to (5), (6m),
15 and (7), 77.585, 77.59, 77.60, 77.61 (2), (3m), (5), (8), (9), and (12) to (14) (15), and
16 77.62, as they apply to the taxes under subch. III of ch. 77, apply to the tax described
17 under subd. 1.

18 *qcm*
-4294/P1.4 SECTION 52. 70.111 (23) of the statutes is amended to read:

19 70.111 (23) VENDING MACHINES. All machines that automatically dispense soda
20 water beverages, as defined in s. 97.29 (1) (i), and items included as a food or beverage
21 under s. 77.54 (20) (a) and (b) food and food ingredient, as defined in s. 77.51 (3t),
22 upon the deposit in the machines of specified coins or currency, or insertion of a credit
23 card, in payment for the ~~soda water beverages, food or beverages~~ food and food
24 ingredient, as defined in s. 77.51 (3t).

25 *qcn*
-4299/P1.7 SECTION 53. 71.05 (1) (c) 9. of the statutes is created to read:

1 71.05 (1) (c) 9. The regional transit authority under s. 59.58 (6) (f).

2 ^{9co}
② *-4294/P1.5* SECTION 54. 71.07 (5e) (b) of the statutes is amended to read:

3 71.07 (5e) (b) *Filing claims*. Subject to the limitations provided in this
4 subsection and subject to 2005 Wisconsin Act 479, section 17, beginning in the first
5 taxable year following the taxable year in which the claimant claims ~~an exemption~~
6 a deduction under s. ~~77.54 (48)~~ 77.585 (9), a claimant may claim as a credit against
7 the taxes imposed under ss. 71.02 and 71.08, up to the amount of those taxes, in each
8 taxable year for 2 years, the amount certified by the department of commerce that
9 resulted from the claimant claimed as an exemption claiming a deduction under s.
10 ~~77.54 (48)~~ 77.585 (9).

11 ^{9cp}
-4294/P1.6 SECTION 55. 71.07 (5e) (c) 1. of the statutes is amended to read:

12 71.07 (5e) (c) 1. No credit may be allowed under this subsection unless the
13 claimant satisfies the requirements under s. ~~77.54 (48)~~ 77.585 (9).

14 ^{9cr}
-4294/P1.7 SECTION 56. 71.07 (5e) (c) 3. of the statutes is amended to read:

15 71.07 (5e) (c) 3. The total amount of the credits and ~~exemptions~~ the sales and
16 use tax resulting from the deductions claimed under s. 77.585 (9) that may be claimed
17 by all claimants under this subsection and ss. 71.28 (5e), 71.47 (5e), and ~~77.54 (48)~~
18 77.585 (9) is \$7,500,000, as determined by the department of commerce.

19 ^{9dc}
-3832/1.1 SECTION 57. 71.22 (9) of the statutes is amended to read:

20 71.22 (9) "Person" includes corporations, unless the context requires
21 otherwise. "Person" may include, as determined by the department, any individual,
22 partnership, general partner of a partnership, limited liability company, registered
23 limited liability partnership, foreign limited liability partnership, syndicate, estate,
24 trust, trustee in bankruptcy, receiver, executor, administrator, assignee, or
25 organization.

1 *-3832/1.2* SECTION 58. 71.255 of the statutes is created to read:

2 **71.255 Combined reporting. (1) DEFINITIONS.** In this section:

3 (a) "Combined group" means the group of all persons whose income and
4 apportionment factors are considered under sub. (2) to determine the taxpayer's
5 share of the net business income or loss that is apportionable to this state.

6 (b) "Combined report" means a return under s. 71.24 that is filed on a form
7 prescribed by the department that specifies the income, credits, and tax of each
8 taxpayer member of a commonly controlled group operating as a unitary business.

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

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

18 2. Any 2 or more corporations if a common owner, regardless of whether or not
19 the owner is a corporation, directly or indirectly owns stock representing more than
20 50 percent of the voting power of the corporations or the connected corporations.

21 3. Any 2 or more corporations if stock representing more than 50 percent of the
22 voting power in each corporation are interests that cannot be separately transferred.

23 4. Any 2 or more corporations if stock representing more than 50 percent of the
24 voting power in each corporation is directly owned by, or for the benefit of, family
25 members. In this subdivision, "family member" means an individual related by

1 blood, marriage, or adoption within the 2nd degree of kinship as computed under s.
2 852.03 (2), 1995 stats., or the spouse of such an individual.

3 (d) "Corporation" means a corporation, as defined in s. 71.22 (1k), that,
4 regardless of where the corporation is located, would be subject to the taxes imposed
5 under this chapter, if the corporation were doing business in this state. For purposes
6 of this section, the business conducted by a pass-through entity that is directly or
7 indirectly held by a corporation is considered the corporation's business
8 proportionate to the corporation's distributive share of the pass-through entity's
9 income. "Corporation" does not include a tax-option corporation.

10 (e) "Department" means the department of revenue.

11 (f) "Internal Revenue Code" means the Internal Revenue Code as defined in s.
12 71.22 (4) and (4m), including any provision of a federal tax treaty that expressly
13 applies to the states of the United States, but not including any other application of
14 a federal tax treaty.

15 (g) "Pass-through entity" means a general or limited partnership, any
16 organization that is treated as a partnership for purposes of this chapter, a real
17 estate investment trust, a regulated investment company, a real estate mortgage
18 investment conduit, a financial asset securitization investment trust, a trust, or an
19 estate.

20 (h) "Tax haven" means a jurisdiction that, for any taxable year, is identified by
21 the organization for economic cooperation and development as a tax haven or as
22 having a harmful, preferential tax regime or has no, or a nominal, effective tax on
23 income and all of the following apply:

1 1. The jurisdiction has laws or practices that prevent the effective exchange of
2 information, for tax purposes, with other governments on taxpayers benefiting from
3 the tax regime.

4 2. The details of the legislative, legal, or administrative provisions of the
5 jurisdiction's tax regime are not publicly available and apparent or are not
6 consistently applied to similarly situated taxpayers or the information needed by tax
7 authorities to determine a taxpayer's correct tax liability, including accounting
8 records and underlying documentation, is not adequately available.

9 3. The jurisdiction facilitates the establishment of foreign-owned entities
10 without requiring a local substantive presence or prohibits such entities from having
11 any commercial impact on the local economy.

12 4. The tax regime explicitly or implicitly excludes the jurisdiction's resident
13 taxpayers from taking advantage of the tax regime's benefits or prohibits enterprises
14 that benefit from the regime from operating in the jurisdiction's domestic market.

15 5. The jurisdiction has created a tax regime that is favorable for tax avoidance,
16 based upon an overall assessment of relevant factors, including whether the
17 jurisdiction has a significant untaxed offshore financial or other services sector
18 relative to its overall economy.

19 (i) "Taxpayer member" means a corporation that is subject to tax under s. 71.23
20 (1) or (2) and that is a member of a combined group.

21 (j) "Unitary business" means a single economic enterprise that consists of
22 separate parts of a single business entity or of a commonly controlled group of
23 business entities that are sufficiently interdependent, integrated, and interrelated
24 by their activities so as to provide a synergy and a mutual benefit that produces a
25 sharing or exchange of value among them and a significant flow of value to the

1 separate parts. For purposes of this section, 2 or more business entities are
2 considered a unitary business if the entities have unity of ownership, operation, and
3 use, as indicated by centralized management or a centralized executive force;
4 centralized purchasing, advertising, or accounting; intercorporate sales or leases;
5 intercorporate services; intercorporate debts; intercorporate use of proprietary
6 materials; interlocking directorates; or interlocking corporate officers. Any business
7 conducted by a pass-through entity that is owned directly or indirectly by a
8 corporation is considered conducted by the corporation, to the extent of the
9 corporation's distributive share of the pass-through entity's income, regardless of
10 the percentage of the corporation's ownership interest. A business conducted
11 directly or indirectly by one corporation is unitary with that portion of a business
12 conducted by another corporation through its direct or indirect interest in a
13 pass-through entity, if the corporations are sufficiently interdependent, integrated,
14 and interrelated by their activities so as to provide a synergy and a mutual benefit
15 that produces a sharing or exchange of value among them and a significant flow of
16 value to the separate parts and the two corporations are members of the same
17 commonly controlled group.

18 (2) CORPORATIONS REQUIRED TO USE COMBINED REPORTING. (a) A corporation
19 engaged in a unitary business with any other corporation shall file a combined report
20 that includes the income, determined under sub. (3), and apportionment factor,
21 determined under sub. (5) and s. 71.25, of the following members of the unitary
22 business:

23 1. Any member incorporated in the United States, including the District of
24 Columbia and any territory or possession of the United States, or formed under the

1 laws of any state, the District of Columbia, or any territory or possession of the
2 United States.

3 2. Any member, regardless of where the entity is incorporated or formed, if the
4 average of the following ratios is 20 percent or more:

5 a. The value of the member's real property and tangible personal property
6 located in the United States, including the District of Columbia and any territory or
7 possession of the United States, not including property that is used to produce
8 nonapportionable income, divided by the value of all of the member's real property
9 and tangible personal property, not including property that is used to produce
10 nonapportionable income. For purposes of this subd. 2. a., the value of property that
11 the member rents is the net annual rental amount for the property, multiplied by 8.

12 b. The amount of the member's payroll that is paid in the United States,
13 including the District of Columbia and any territory or possession of the United
14 States, divided by the amount of the member's total payroll. For purposes of this
15 subd. 2. b., payroll includes compensation paid to employees, but does not include
16 payroll used to produce nonapportionable income. The payroll paid in the United
17 States, including the District of Columbia and any territory or possession of the
18 United States, shall be determined in the same manner as payroll is determined for
19 this state under s. 71.25 (8) (b) 1. to 5.

20 c. The member's sales in the United States, including the District of Columbia
21 and any territory or possession of the United States, divided by the member's total
22 sales. For purposes of this subd. 2. c., sales include items identified in s. 71.25 (9) (e),
23 but not items identified in s. 71.25 (9) (f), and the situs of a sale shall be determined
24 in the same manner as for state sales in s. 71.25 (9) (b), (d), (df), and (dh), not
25 including s. 71.25 (9) (b) 2m. and 3., (c), (df) 3., and (dh) 4.

1 3. Any member that is a domestic international sales corporation as described
2 in sections 991 to 994 of the Internal Revenue Code, a foreign sales corporation as
3 described in sections 921 to 927 of the Internal Revenue Code, or an export trade
4 corporation as described in sections 970 to 971 of the Internal Revenue Code.

5 4. Any member that is a controlled foreign corporation as defined in section 957
6 of the Internal Revenue Code, to the extent of the member's income that is defined
7 in section 952 of of the Internal Revenue Code, including any lower-tier subsidiary's
8 distribution of such income that was previously taxed, determined without regard
9 to federal treaties, and the apportionment factors related to that income. For
10 purposes of this subdivision, any item of income received by a controlled foreign
11 corporation is excluded if the income was subject to an income tax imposed by a
12 foreign country at an effective tax rate greater than 90 percent of the maximum tax
13 rate specified in section 11 of the Internal Revenue Code.

14 5. Any member that earns more than 20 percent of its income, directly or
15 indirectly, from intangible property or service-related activities that are deductible
16 against the business income of other members of the combined group, to the extent
17 of that income and the apportionment factors related to that income.

18 6. Any member that is doing business in a tax haven, if the member is engaged
19 in an activity that is sufficient for that tax haven jurisdiction to impose a tax under
20 federal law. If the member's business activity in a tax haven is entirely outside the
21 scope of the laws and practices that cause the jurisdiction to be a tax haven, the
22 member's business activity is not considered to be conducted in a tax haven for
23 purposes of this section.

24 7. Any member not described in subds. 1. to 6., to the extent that its income is
25 derived from or attributable to sources within the United States, including the

1 District of Columbia and any territory or possession of the United States, as
2 determined under the Internal Revenue Code and by its apportionment factors
3 related to that income.

4 (b) The department may require that a combined report filed under this section
5 include the income and associated apportionment factors of any persons not
6 described under par. (a) that are members of a unitary business to reflect the proper
7 apportionment of income of the entire unitary business, including persons that are
8 not, or would not be, subject to the taxes imposed under this chapter if doing business
9 in this state.

10 (3) COMPONENTS OF INCOME SUBJECT TO TAX. Each taxpayer member is
11 responsible for the tax imposed under this chapter based on its taxable income or loss
12 apportioned or allocated to this state, including:

13 (a) Its share of any business income apportionable to this state of each of the
14 combined groups of which it is a member, as determined under subs. (4) and (5).

15 (b) Its share of any business income apportionable to this state of a distinct
16 business activity conducted in and outside this state wholly by the taxpayer member,
17 as determined under s. 71.25.

18 (c) Its income from a business conducted wholly by the taxpayer member
19 entirely in this state.

20 (d) Its income sourced to this state from the sale or exchange of capital or assets
21 and from involuntary conversions, as determined under sub. (4) (a) 8.

22 (e) Its nonbusiness income or loss allocable to this state.

23 (f) Its income or loss allocated or apportioned in an earlier year that is state
24 source income during the income year, other than a net business loss carry-forward.

1 (g) Its net business loss carry-forward. If the taxable income computed under
2 this subsection and subs. (4) and (5) results in a loss for a taxpayer member of the
3 combined group, the taxpayer member has a net business loss, subject to the net
4 business loss limitations and carry-forward provisions in s. 71.26 (4). The business
5 loss is applied as a deduction in a subsequent year only if the taxpayer member has
6 net income sourced to this state, regardless of whether the taxpayer is a member of
7 a combined group in the subsequent year.

8 (4) BUSINESS INCOME OF THE COMBINED GROUP. The business income of a
9 combined group is determined as follows:

10 (a) Compute the sum of the income of each member of the combined group as
11 determined for federal income tax purposes, as if the members were not consolidated
12 for federal purposes, and modified as provided under s. 71.26. Each member of the
13 combined group shall determine its income as follows:

14 1. For any member incorporated in the United States, including the District of
15 Columbia and any territory or possession of the United States, or included in a
16 consolidated federal corporate income tax return, the income included in the total
17 income of the combined group is the corporation's taxable income as determined
18 under s. 71.26.

19 2. Except as provided in subd. 3, for any member not included in subd. 1., the
20 income included in the total income of the combined group shall be determined as
21 follows:

22 a. Each foreign branch or foreign corporation shall prepare a profit and loss
23 statement in the currency in which the branch's or corporation's books of account are
24 regularly maintained.

1 b. The member shall adjust any statement prepared under subd. 2. a. to
2 conform to the accounting principles generally accepted in the United States for the
3 preparation of profit and loss statements.

4 c. The member shall adjust any statement prepared under subd. 2. a. to
5 conform to the tax accounting standards required by the department for the
6 administration of this chapter.

7 d. Each member of the combined group shall translate its profit and loss
8 statements, and the related apportionment factors, into the currency in which the
9 parent corporation maintains its books and records.

10 e. Each member shall express in U.S. dollars the income apportioned to this
11 state.

12 3. If the department determines that the income determination under this
13 subsection reasonably approximates income as determined under s. 71.26, any
14 member not included in subd. 1. may determine its income based on a consolidated
15 profit and loss statement that includes the member and that is prepared for the
16 purpose of filing, by related corporations, with the securities and exchange
17 commission. If the member is not required to file with the securities and exchange
18 commission, the department may allow, for purposes of this subdivision, the use of
19 the consolidated profit and loss statement prepared for reporting to shareholders
20 and subject to review by an independent auditor. If a statement described in this
21 subdivision does not reasonably approximate income as determined under s. 71.26,
22 the department may accept the statement if the member makes appropriate
23 adjustments to the statement, as determined by the department, to approximate the
24 income determined under s. 71.26.

1 4. If a unitary business includes income from a pass-through entity, the total
2 income of the combined group includes the member's direct and indirect distributive
3 share of the pass-through entity's unitary business income.

4 5. All dividends paid by one member to another are not included in the
5 recipients income, if the dividends are paid out of the earnings and profits of the
6 unitary business in the current taxable year or in an earlier taxable year. This
7 subdivision does not apply to dividends received from members of a unitary business
8 that are not a part of the combined group.

9 6. Except as provided by the department by rule, business income or loss from
10 an intercompany transaction between members of the same combined group shall be
11 deferred in a manner similar to 26 CFR 1.1502-13. Upon the occurrence of any of
12 the following events, deferred business income or loss resulting from an
13 intercompany transaction between members of a combined group shall be included
14 in the income of the seller and shall be apportioned as business income earned
15 immediately before the event:

16 a. The object of the deferred intercompany transaction is sold by the buyer to
17 an entity that is not a member of the combined group.

18 b. The object of the deferred intercompany transaction is sold by the buyer to
19 an entity that is a member of the combined group for use outside the unitary business
20 in which the buyer and seller are engaged.

21 c. The object of the deferred intercompany transaction is converted by the buyer
22 to a use outside the unitary business in which the buyer and seller are engaged.

23 d. The buyer and seller are no longer members of the same combined group,
24 regardless of whether the members remain a unitary business.

1 7. A charitable expense incurred by a member of a combined group, to the
2 extent allowable as a deduction under section 170 of the Internal Revenue Code,
3 shall be subtracted first from the business income of the combined group, subject to
4 the income limitations of section 170 of the Internal Revenue Code as it applies to
5 the entire business income of the group, and any remaining amount shall be treated
6 as a nonbusiness expense allocable to the member that incurred the expense, subject
7 to the income limitations of section 170 of the Internal Revenue Code as it applies
8 to the nonbusiness income of that member. Any charitable deduction described
9 under this subdivision that is allowed as a carryover deduction in a subsequent year
10 is considered to be originally incurred in the subsequent year by the same member,
11 and this section applies in the subsequent year for purposes of determining the
12 allowable deduction in that year.

13 8. Gain or loss from the sale or exchange of capital assets, property described
14 in section 1231 (a) (3) of the Internal Revenue Code, and property subject to an
15 involuntary conversion, is removed from the total separate net income of each
16 member of a combined group and is apportioned and allocated as follows:

17 a. For short-term capital gains or losses, long-term capital gains or losses,
18 gains or losses under section 1231 of the Internal Revenue Code, and involuntary
19 conversions, the business gain and loss of all members are combined within each
20 class of net business gain or loss and each such class is separately apportioned to each
21 member using the member's apportionment percentage determined under sub. (5).

22 b. Each taxpayer member shall net its apportioned business gain or loss for all
23 classes, as determined under subd. 8. a., including any such apportioned business
24 gain and loss from other combined groups, against the taxpayer member's
25 nonbusiness gain and loss for all classes allocated to this state as provided under

1 sections 1231 and 1222 of the Internal Revenue Code, not including nonbusiness
2 items allocated to another state.

3 c. Any resulting state source income or loss, if the loss is not subject to section
4 1211 of the Internal Revenue Code, of a taxpayer member produced by the
5 application of subd. 8. a. and b. shall then be applied to all other state source income
6 or loss of that member.

7 d. Any resulting state source loss of a member that is subject to section 1211
8 of the Internal Revenue Code shall be carried forward or carried back by that
9 member and shall be treated as state source short-term capital loss incurred by that
10 member for the year for which the carry-forward or carry-back applies.

11 9. Any expense of one member of the unitary business that is directly or
12 indirectly attributable to the nonbusiness or exempt income of another member of
13 the unitary business shall be allocated to that other member as corresponding
14 nonbusiness or exempt expense, as appropriate.

15 (b) Subtract any nonbusiness income of the combined group from the amount
16 determined under par. (a) and add any nonbusiness expense or loss of the combined
17 group to the amount determined under par. (a).

18 **(5) TAXPAYER'S SHARE OF BUSINESS INCOME OF A COMBINED GROUP.** The taxpayer's
19 share of the business income apportionable to this state of each combined group of
20 which it is a member shall be the product of the business income of the combined
21 group as determined under sub. (4) and the taxpayer member's sales factor
22 percentage, determined under s. 71.25, modified as follows:

23 (a) Include in the numerator the taxpayer member's sales associated with the
24 combined group's unitary business in this state.

1 (b) Include in the numerator the taxpayer member's sales associated with the
2 combined group's unitary business to another state in which the taxpayer member
3 is not engaged in business, regardless of whether another member of the combined
4 group is engaged in business in the other state.

5 (c) Include in the denominator the sales of all members of the combined group,
6 including the taxpayer, that are associated with the combined group's unitary
7 business regardless of where that business is located.

8 (d) Include sales of a pass-through entity owned directly or indirectly by a
9 corporation in proportion to a ratio the numerator of which is the amount of the
10 corporation's distributive share of the pass-through entity's unitary income included
11 in the income of the combined group in under sub. (4) and the denominator of which
12 is the amount of the pass-through entity's total unitary income.

13 (e) Exclude sales between members of the combined group.

14 (f) If a member of a combined group is not subject to the taxes imposed under
15 s. 71.23 because it is not engaged in business in this state, the numerator of the
16 member's sales factor is zero.

17 (6) CREDITS AND POST-APPORTIONMENT DEDUCTIONS. No tax credit or
18 post-apportionment deduction earned by one member of the combined group, but not
19 completed, used by, or allowed to that member, may be used in whole or in part by
20 another member of the combined group or applied in whole or in part against the total
21 income of the combined group.

22 (7) DESIGNATED AGENT. (a) For purposes of administering this section, each
23 combined group shall appoint a sole designated agent. The designated agent is the
24 parent corporation of the combined group, if the parent corporation is a taxpayer
25 member of the combined group and the income of the parent corporation is included

1 in the combined report. If there is no such parent corporation, the designated agent
2 may be appointed by the taxpayer members. If there is no such parent corporation
3 and no taxpayer member is appointed, the designated agent is the taxpayer member
4 that has the most significant operations in this state on a recurring basis, as
5 determined by the department. The designated agent may change only when the
6 designated agent is no longer subject to the tax imposed under s. 71.23 (1) or (2), in
7 which case the combined group shall notify the department of such a change in the
8 manner prescribed by the department.

9 (b) The designated agent is responsible for acting on behalf of the taxpayer
10 members of the combined group and shall do all of the following:

- 11 1. File with the department a combined report under sub. (1) (b).
- 12 2. File any extensions under s. 71.24.
- 13 3. File any amended combined reports and claims for refund or credit.
- 14 4. Send and receive all correspondence with the department regarding the
15 combined report.
- 16 5. Remit all taxes, including estimated taxes, to the department. For purposes
17 of computing interest on late payments, all payments remitted are considered to be
18 made on a proportionate basis by all taxpayer members of the combined group,
19 unless otherwise specified by the designated agent.
- 20 6. Participate on behalf of the combined group members in any investigation
21 or hearing requested by the department regarding a combined report, produce all
22 information requested by the department regarding the combined report, and file
23 any appeal related to a combined report. Any appeal filed by the designated agent
24 is considered filed by all members of the combined group.

1 7. Execute any waiver, closing agreement, power of attorney, or other document
2 regarding the combined report filed under sub. (1) (b). Any waiver, agreement, or
3 document executed by the designated agent is considered executed by all members
4 of the combined group.

5 8. Receive notices regarding the combined report. Any such notice the
6 department sends to the designated agent is considered sent to all taxpayer members
7 of the combined group.

8 9. Receive refunds regarding the combined report. Any such refund shall be
9 paid to and in the name of the designated agent and shall discharge any liability of
10 the state to any member of the combined group regarding the refund.

11 (c) The department may relieve the designated agent from any of the duties
12 described in par. (b) to the extent that the duties relate to income, expense, or loss
13 that is not includable in the business income of the combined group under sub. (4).
14 Unless the department provides for such relief by rule, a designated agent shall
15 obtain written approval from the department to be relieved of any such duties.

16 **(8) TAXABLE YEAR OF THE COMBINED GROUP.** (a) Except as provided in par. (b), the
17 combined group's taxable year is the designated agent's taxable year. If a member's
18 taxable year is different from the combined group's taxable year, the designated
19 agent may elect to determine the portion of each member's income to be included in
20 the combined report either from a separate income statement from each member that
21 is prepared by the member's books and records for the months that are included in
22 the combined group's taxable year or by including in the combined report all of the
23 income of each member for the year that ends during the combined group's taxable
24 year. Any election made under this paragraph remains in effect for subsequent years

1 unless the designated agent submits a request to the department to change the
2 election and the department approves in writing.

3 (b) If 2 or more members of a combined group file a federal consolidated return,
4 the combined group's taxable year is the taxable year that corresponds to the federal
5 consolidated return.

6 (9) PART-YEAR MEMBERS OF A COMBINED GROUP. If a corporation becomes a
7 member of a combined group, or ceases to be a member of a combined group, after
8 the beginning of the combined group's taxable year, the corporation's income shall
9 be determined as provided under subs. (3), (4), and (5) for that portion of the year in
10 which the corporation was a member of the combined group, and the income shall be
11 included in the combined report. The income for the remaining short period shall be
12 reported on a separate return or separate combined report.

13 (10) PRESUMPTIONS AND BURDEN OF PROOF. A commonly controlled group is
14 presumed to be engaged in a unitary business and all of the income of the unitary
15 business is presumed to be apportionable business income under this section. A
16 corporation has the burden of proving that it is not a member of a combined group
17 that is subject to this section.

18 *-4299/P1.8* SECTION 59. 71.26 (1m) (j) of the statutes is created to read:

19 71.26 (1m) (j) Those issued under s. 59.58 (6) (f).

20 *-3832/1.3* SECTION 60. 71.26 (3) (x) of the statutes is amended to read:

21 71.26 (3) (x) Sections 1501 to 1505, 1551, 1552, 1563 and 1564 (relating to
22 consolidated returns) are excluded, except as provided under section 1502 of the U.S.
23 treasury regulations as it relates to deferred gain or loss from an intercompany
24 transaction under s. 71.255 (4) (a) 6.

25 *-4292/P3.1* SECTION 61. 71.27 (1) of the statutes is amended to read:

1 71.27 (1) The taxes to be assessed, levied and collected upon Wisconsin net
2 incomes of corporations shall be computed at the rate of ~~7.9%~~ 7.8 percent.

3 ^{9dh}
~~4292/P3.2~~ SECTION ~~62~~ 71.27 (2) of the statutes is amended to read:

4 71.27 (2) The corporation franchise tax imposed under s. 71.23 (2) and
5 measured by Wisconsin net income shall be computed at the rate of ~~7.9%~~ 7.8 percent.

6 ^{9di}
~~4294/P1.8~~ SECTION ~~63~~ 71.28 (5e) (b) of the statutes is amended to read:

7 71.28 (5e) (b) *Filing claims*. Subject to the limitations provided in this
8 subsection and subject to 2005 Wisconsin Act 479, section 17, beginning in the first
9 taxable year following the taxable year in which the claimant claims ~~an exemption~~
10 a deduction under s. ~~77.54 (48)~~ 77.585 (9), a claimant may claim as a credit against
11 the taxes imposed under s. 71.23, up to the amount of those taxes, in each taxable
12 year for 2 years, the amount certified by the department of commerce that resulted
13 from the claimant claimed as an exemption claiming a deduction under s. ~~77.54 (48)~~
14 77.585 (9).

15 ^{9dj}
~~4294/P1.9~~ SECTION ~~64~~ 71.28 (5e) (c) 1. of the statutes is amended to read:

16 71.28 (5e) (c) 1. No credit may be allowed under this subsection unless the
17 claimant satisfies the requirements under s. ~~77.54 (48)~~ 77.585 (9).

18 ^{9dk}
~~4294/P1.10~~ SECTION ~~65~~ 71.28 (5e) (c) 3. of the statutes is amended to read:

19 71.28 (5e) (c) 3. The total amount of the credits and exemptions the sales and
20 use tax resulting from the deductions claimed under s. 77.585 (9) that may be claimed
21 by all claimants under this subsection and ss. 71.07 (5e), 71.47 (5e), and ~~77.54 (48)~~
22 77.585 (9) is \$7,500,000, as determined by the department of commerce.

23 ^{9dl}
~~4299/P1.9~~ SECTION ~~66~~ 71.45 (1t) (j) of the statutes is created to read:

24 71.45 (1t) (j) Those issued under s. 59.58 (6) (f).

25 ^{9dm}
~~4292/P3.3~~ SECTION ~~67~~ 71.46 (1) of the statutes is amended to read:

1 71.46 (1) The taxes to be assessed, levied and collected upon Wisconsin net
2 incomes of corporations shall be computed at the rate of ~~7.9%~~ 7.8 percent.

3 *~~4292/P3.4~~^{9dn}* SECTION ~~68~~. 71.46 (2) of the statutes is amended to read:

4 71.46 (2) The corporation franchise tax imposed under s. 71.43 (2) and
5 measured by Wisconsin net income shall be computed at the rate of ~~7.9%~~ 7.8 percent.

6 *~~4292/P3.5~~^{9do}* SECTION ~~69~~. 71.46 (3) of the statutes is amended to read:

7 71.46 (3) The tax imposed under this subchapter on each domestic insurer on
8 or measured by its entire net income attributable to lines of insurance in this state
9 may not exceed ~~2%~~ 2 percent of the gross premiums, as defined in s. 76.62, received
10 during the taxable year by the insurer on all policies on those lines of insurance if
11 the subject of that insurance was resident, located or to be performed in this state
12 plus ~~7.9%~~ 7.8 percent of the income that is realized from the sale of or purchase and
13 subsequent sale or redemption of lottery prizes if the winning tickets were originally
14 bought in this state.

15 *~~4294/P1.11~~^{9dp}* SECTION ~~70~~. 71.47 (5e) (b) of the statutes is amended to read:

16 71.47 (5e) (b) *Filing claims*. Subject to the limitations provided in this
17 subsection and subject to 2005 Wisconsin Act 479, section 17, beginning in the first
18 taxable year following the taxable year in which the claimant claims ~~an exemption~~
19 a deduction under s. ~~77.54 (48)~~ 77.585 (9), a claimant may claim as a credit against
20 the taxes imposed under s. 71.43, up to the amount of those taxes, in each taxable
21 year for 2 years, the amount certified by the department of commerce that resulted
22 from the claimant claimed as an exemption claiming a deduction under s. ~~77.54 (48)~~
23 77.585 (9).

24 *~~4294/P1.12~~^{9dq}* SECTION ~~71~~. 71.47 (5e) (c) 1. of the statutes is amended to read:

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

3 ^{qdr}
~~4294/P1.13~~ SECTION ~~72~~ 71.47 (5e) (c) 3. of the statutes is amended to read:

4 71.47 (5e) (c) 3. The total amount of the credits and ~~exemptions~~ the sales and
5 use tax resulting from the deductions claimed under s. 77.585 (9) that may be claimed
6 by all claimants under this subsection and ss. 71.07 (5e), 71.28 (5e), and ~~77.54 (48)~~
7 77.585 (9) is \$7,500,000, as determined by the department of commerce.

8 ^{qds}
~~4294/P1.14~~ SECTION ~~73~~ 73.03 (28e) of the statutes is created to read:

9 73.03 (28e) To participate as a member state of the streamlined sales tax
10 governing board which administers the agreement, as defined in s. 77.65 (2) (a), and
11 includes having the governing board enter into contracts that are necessary to
12 implement the agreement on behalf of the member states, and to allocate a portion
13 of the amount collected under ch. 77 through the agreement to the appropriation
14 under s. 20.566 (1) (ho) to pay the dues necessary to participate in the governing
15 board. The department shall allocate the remainder of such collections to the general
16 fund.

17 ^{qdt}
~~4294/P1.15~~ SECTION ~~74~~ 73.03 (50) (d) of the statutes is amended to read:

18 73.03 (50) (d) In the case of a sole proprietor, signs the form or, in the case of
19 other persons, has an individual who is authorized to act on behalf of the person sign
20 the form, or, in the case of a single-owner entity that is disregarded as a separate
21 entity under section 7701 of the Internal Revenue Code, the person is the owner. Any
22 person who may register under this subsection may designate an agent, as defined
23 in s. 77.524 (1) (ag), to register with the department under this subsection in the
24 manner prescribed by the department. In this paragraph, "sign" has the meaning
25 given in s. 77.51 (17r).

9dv

1 ***-4294/P1.16*** SECTION **75**. 73.03 (50b) of the statutes is created to read:

2 73.03 (**50b**) To waive the fee established under sub. (50) for applying for and
3 renewing the business tax registration certificate, if the person who is applying for
4 or renewing the certificate is not required for purposes of ch. 77 to hold such a
5 certificate.

9ep
9el

6 ***-4294/P1.17*** SECTION **76**. 73.03 (61) of the statutes is created to read:

7 73.03 (**61**) To do all of the following related to the Uniform Sales and Use Tax
8 Administration Act:

9 (a) Certify compliance with the agreement, as defined in s. 77.65 (2) (a).

10 (b) Pursuant to the agreement, as defined in s. 77.65 (2) (a), certify certified
11 service providers, as defined in s. 77.51 (1g), and certified automated systems, as
12 defined in s. 77.524 (1) (am).

13 (c) Consistent with the agreement, as defined in s. 77.65 (2) (a), establish
14 performance standards and eligibility criteria for a seller that sells tangible personal
15 property, items or property under s. 77.52 (1) (b) or (c), or taxable services in at least
16 5 states that are signatories to the agreement, as defined in s. 77.65 (2) (a); that has
17 total annual sales revenue of at least \$500,000,000; that has a proprietary system
18 that calculates the amount of tax owed to each taxing jurisdiction in which the seller
19 sells tangible personal property or taxable services; and that has entered into a
20 performance agreement with the states that are signatories to the agreement, as
21 defined in s. 77.65 (2) (a). For purposes of this paragraph, "seller" includes an
22 affiliated group of sellers using the same proprietary system to calculate the amount
23 of tax owed in each taxing jurisdiction in which the sellers sell tangible personal
24 property or taxable services.

1 (d) Issue a tax identification number to a person who claims an exemption
2 under subch. III or V of ch. 77 and who is not required to register with the department
3 for the purposes of subch. III or V of ch. 77 and establish procedures for the
4 registration of such a person.

5 (e) Maintain a database that is accessible to sellers and certified service
6 providers, as defined in s. 77.51 (1g), that indicates whether items defined in
7 accordance with the Uniform Sales and Use Tax Administration Act are taxable or
8 nontaxable.

9 (f) Maintain a database that is accessible to sellers and certified service
10 providers, as defined in s. 77.51 (1g), and available in a downloadable format, that
11 indicates tax rates, taxing jurisdiction boundaries, and zip code or address
12 assignments related to the administration of taxes imposed under subchs. III and V
13 of ch. 77.

14 (g) Set forth the information that the seller shall provide to the department for
15 tax exemptions claimed by purchasers and establish the manner in which a seller
16 shall provide such information to the department.

17 (h) Provide monetary allowances, in addition to the retailer's discount provided
18 under s. 77.61 (4) (c), to certified service providers, as defined in s. 77.51 (1g), and
19 sellers that use certified automated systems, as defined in s. 77.524 (1) (am), or
20 proprietary systems, pursuant to the agreement as defined in s. 77.65 (2) (a).

21 ***-4294/P1.18* SECTION 77.** 76.07 (4g) (b) 8. of the statutes is amended to read:

22 76.07 (4g) (b) 8. Determine transport-related revenue by adding public service
23 revenue allocated to this state on the basis of routes for which the company is
24 authorized to receive subsidy payments, mutual aid allocated to this state on the
25 basis of the ratio of transport revenues allocated to this state to transport revenues

1 everywhere in the previous year, in-flight sales allocated to this state as they are
2 allocated under s. ~~77.51 (14f)~~ 77.522 and all other transport-related revenues from
3 sales made in this state.

4 *9ed*
-4294/P1.19 SECTION **78**. 77.51 (1) of the statutes is renumbered 77.51 (1fd)
5 and amended to read:

6 77.51 (1fd) "Business" includes any activity engaged in by any person or caused
7 to be engaged in by any person with the object of gain, benefit or advantage, either
8 direct or indirect, and includes also the furnishing and distributing of tangible
9 personal property, items or property under s. 77.52 (1) (b) or (c), or taxable services
10 for a consideration by social clubs and fraternal organizations to their members or
11 others.

12 *9ee*
-4294/P1.20 SECTION **79**. 77.51 (1b) of the statutes is created to read:

13 77.51 (1b) "Alcoholic beverage" means a beverage that is suitable for human
14 consumption and that contains 0.5 percent or more of alcohol by volume.

15 ***-4294/P1.21*** SECTION **80**. 77.51 (1ba) of the statutes is created to read:

16 *9ef*
77.51 (1ba) "Ancillary services" means services that are associated with or
17 incidental to providing telecommunications services, including detailed
18 telecommunications billing, directory assistance, vertical service, and voice mail
19 services.

20 *9eg*
-4294/P1.22 SECTION **81**. 77.51 (1f) of the statutes is created to read:

21 77.51 (1f) "Bundled transaction" means the retail sale of 2 or more products,
22 not including real property and services to real property, if the products are distinct
23 and identifiable products and sold for one nonitemized price. "Bundled transaction"
24 does not include any of the following:

1 (a) The sale of any products for which the sales price varies or is negotiable
2 based on the purchaser's selection of the products included in the transaction.

3 (b) 1. The retail sale of tangible personal property and a service, if the tangible
4 personal property is essential to the use of the service, and provided exclusively in
5 connection with the service, and if the true object of the transaction is the service.

6 2. The retail sale of a service and items or property under s. 77.52 (1) (b) or (c),
7 if such property or items are essential to the use of the service, and provided
8 exclusively in connection with the service, and if the true object of the transaction
9 is the service.

10 (c) The retail sale of services, if one of the services is essential to the use or
11 receipt of another service, and provided exclusively in connection with the other
12 service, and if the true object of the transaction is the other service.

13 (d) A transaction that includes taxable and nontaxable products, if the seller's
14 purchase price or the sales price of the taxable products is no greater than 10 percent
15 of the seller's total purchase price or sales price of all the bundled products, as
16 determined by the seller using either the seller's purchase price or sales price, but
17 not a combination of both, or, in the case of a service contract, the full term of the
18 service contract.

19 (e) The retail sale of taxable tangible personal property or items or property
20 under s. 77.52 (1) (b) or (c) and tangible personal property or items or property under
21 s. 77.52 (1) (b) or (c) that is exempt from the taxes imposed under this subchapter,
22 if the transaction includes food and food ingredients, drugs, durable medical
23 equipment, mobility-enhancing equipment, prosthetic devices, or medical supplies
24 and if the seller's purchase price or the sales price of the taxable tangible personal
25 property or items or property under s. 77.52 (1) (b) or (c) is no greater than 50 percent

1 of the seller's total purchase price or sales price of all the tangible personal property
2 or items or property under s. 77.52 (1) (b) or (c) included in what would otherwise be
3 a bundled transaction, as determined by the seller using either the seller's purchase
4 price or the sales price, but not a combination of both.

5 ***-4294/P1.23* SECTION 82.** ^{9eh} 77.51 (1fm) of the statutes is created to read:

6 77.51 (1fm) "Candy" means a preparation of sugar, honey, or other natural or
7 artificial sweetener combined with chocolate, fruit, nuts, or other ingredients or
8 flavorings in the form of bars, drops, or pieces. "Candy" does not include a
9 preparation that contains flour or that requires refrigeration.

10 ***-4294/P1.24* SECTION 83.** ^{9ei} 77.51 (1n) of the statutes is created to read:

11 77.51 (1n) "Computer" means an electronic device that accepts information in
12 digital or similar form and that manipulates such information to achieve a result
13 based on a sequence of instructions. ^{9ej}

14 ***-4294/P1.25* SECTION 84.** ^{9ek} 77.51 (1p) of the statutes is created to read:

15 77.51 (1p) "Computer software" means a set of coded instructions designed to
16 cause a computer or automatic data processing equipment to perform a task.

17 ***-4294/P1.26* SECTION 85.** ^{9ek} 77.51 (1r) of the statutes is created to read:

18 77.51 (1r) "Conference bridging service" means an ancillary service that links
19 2 or more participants of an audio or video conference call and may include providing
20 a telephone number, but does not include the telecommunications services used to
21 reach the conference bridge.

22 ***-4294/P1.27* SECTION 86.** ^{9el} 77.51 (2k) of the statutes is created to read:

23 77.51 (2k) "Delivered electronically" means delivered to a purchaser by means
24 other than by tangible storage media.

25 ***-4294/P1.28* SECTION 87.** ^{9em} 77.51 (2m) of the statutes is created to read:

1 77.51 (2m) "Delivery charges" means charges by a seller to prepare and deliver
2 tangible personal property, items or property under s. 77.52 (1) (b) or (c), or services
3 to a location designated by the purchaser of the tangible personal property, items or
4 property under s. 77.52 (1) (b) or (c), or services, including charges for transportation,
5 shipping, postage, handling, crating, and packing.

6 *-4294/P1.29* SECTION 88. ^{gen}77.51 (3c) of the statutes is created to read:

7 77.51 (3c) "Detailed telecommunications billing service" means an ancillary
8 service that separately indicates information pertaining to individual calls on a
9 customer's billing statement.

10 *-4294/P1.30* SECTION 89. ^{geo}77.51 (3n) of the statutes is created to read:

11 77.51 (3n) "Dietary supplement" means a product, other than tobacco, that is
12 intended to supplement a person's diet, if all of the following apply:

13 (a) The product contains any of the following ingredients or any combination
14 of any of the following ingredients:

15 1. A vitamin.

16 2. A mineral.

17 3. An herb or other botanical.

18 4. An amino acid.

19 5. A dietary substance that is intended for human consumption to supplement
20 the diet by increasing total dietary intake.

21 6. A concentrate, metabolite, constituent, or extract.

22 (b) The product is intended for ingestion in tablet, capsule, powder, soft-gel,
23 gel-cap, or liquid form, or, if not intended for ingestion in such forms, is not
24 represented as conventional food and is not represented for use as the sole item of
25 a meal or diet.

1 (c) The product is required to be labeled as a dietary supplement as required
2 under 21 CFR 101.36.

3 ^{92P}
~~4294/P1.31~~ SECTION 90. 77.51 (3pd) of the statutes is created to read:

4 77.51 (3pd) "Direct mail" means printed material that is delivered by the U.S.
5 postal service or other delivery service to a mass audience or to addressees on a
6 mailing list provided by or at the direction of the purchaser of the printed material,
7 if the cost of the printed material or any tangible personal property or items or
8 property under s. 77.52 (1) (b) or (c) included with the printed material is not billed
9 directly to the recipients of the printed material. "Direct mail" includes any tangible
10 personal property or items or property under s. 77.52 (1) (b) or (c) provided directly
11 or indirectly by the purchaser of the printed material to the seller of the printed
12 material for inclusion in any package containing the printed material, including
13 billing invoices, return envelopes, and additional marketing materials. "Direct mail"
14 does not include multiple items of printed material delivered to a single address.

15 ^{92Q}
~~4294/P1.32~~ SECTION 91. 77.51 (3pe) of the statutes is created to read:

16 77.51 (3pe) "Directory assistance" means an ancillary service that provides
17 telephone numbers or addresses. ^{92R}

18 *~~4294/P1.33~~* SECTION 92. 77.51 (3pf) of the statutes is created to read:

19 77.51 (3pf) "Distinct and identifiable product" does not include any of the
20 following:

21 (a) Packaging, including containers, boxes, sacks, bags, bottles, and envelopes;
22 and other materials, including wrapping, labels, tags, and instruction guides; that
23 accompany, and are incidental or immaterial to, the retail sale of any product.

24 (b) A product that is provided free of charge to the consumer in conjunction with
25 the purchase of another product, if the sales price of the other product does not vary

1 depending on whether the product provided free of charge is included in the
2 transaction.

3 (c) Any items specified under sub. (12m) (a) or (15b) (a).

4 ^{9es}
-4294/P1.34 SECTION 93. 77.51 (3pj) of the statutes is created to read:

5 77.51 (3pj) "Drug" means a compound, substance, or preparation, or any
6 component of them, other than food and food ingredients, dietary supplements, or
7 alcoholic beverages, to which any of the following applies:

8 (a) It is listed in the United States Pharmacopoeia, Homeopathic
9 Pharmacopoeia of the United States, or National Formulary, or any supplement to
10 any of them.

11 (b) It is intended for use in diagnosing, curing, mitigating, treating, or
12 preventing a disease.

13 (c) It is intended to affect a function or structure of the body.

14 ^{9fd}
-4294/P1.35 SECTION 94. 77.51 (3pm) of the statutes is created to read:

15 77.51 (3pm) "Durable medical equipment" means equipment, including the
16 repair parts and replacement parts for the equipment that is primarily and
17 customarily used for a medical purpose related to a person; that can withstand
18 repeated use; that is not generally useful to a person who is not ill or injured; and that
19 is not placed in or worn on the body. "Durable medical equipment" does not include
20 mobility-enhancing equipment.

21 ^{9fc}
-4294/P1.36 SECTION 95. 77.51 (3pn) of the statutes is created to read:

22 77.51 (3pn) "Eight hundred service" means a telecommunications service that
23 allows a caller to dial a toll-free number without incurring a charge for the call and
24 is marketed under "800," "855," "866," "877," or "888" toll-free calling, or any other
25 number designated as toll-free by the federal communications commission.