2009 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB184)

Received: **09/17/2009**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Roger Roth (608) 266-7500**

By/Representing: **jason**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

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

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Roth@legis.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Increasing expense deductions; DOR technical changes

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	jkreye 09/17/2009	jdyer 09/17/2009		_______ _______			
/1			phenry 09/17/2009	_______ _______	sbasford 09/17/2009	sbasford 09/17/2009	

FE Sent For:

<END>

2009 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB184)

Received: **09/17/2009** — Received By: **jkreye**

Wanted: **As time permits** — Identical to LRB:

For: **Roger Roth (608) 266-7500** — By/Representing: **jason**

This file may be shown to any legislator: **NO** — Drafter: **jkreye**

May Contact: — Addl. Drafters:

Subject: **Tax, Business - crp inc, fran** — Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Roth@legis.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Increasing expense deductions; DOR technical changes

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	jkreye	/1 9/17 jld	ph 9/17	jf/wd 9/17			

FE Sent For:

<END>

Kreye, Joseph

From: Culotta, Jason
Sent: Wednesday, September 16, 2009 5:51 PM
To: Kreye, Joseph
Subject: amendment to LRB 0405/1
Attachments: get_techmemo.doc

Joe,

Attached is the memo from DOR we received back in April. Representative Roth would like to draft an amendment (simple or sub) that would:

1. Include language identifying the investment limit phase out for non-farm assets at $200,000
2. Include "Section 179" in front of the word "property" in three places in the bill
3. Change the implementation date from January 1, 2008, to January 1, 2009

Please feel free to call me at 6-7500 with any questions regarding this request.

Thank you for your diligent work on this.

Sincerely,

Jason Culotta
Legislative assistant
Office of Representative Roger Roth

From: Boldt, Rebecca A - DOR [mailto:Rebecca.Boldt@revenue.wi.gov]
Sent: Friday, April 10, 2009 8:42 AM
To: Rep.Roth
Subject: AB 184 Techncial Memo

The Department of Revenue has submitted the attached technical memo related to AB 184 .

Rebecca Boldt
Income Tax Policy and Economic Team
Division of Research and Policy
Wisconsin Department of Revenue
2135 Rimrock Road, 6-73
Madison, WI 53708
(608) 266 -6785

MEMORANDUM

April 7, 2009

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on AB 184 (LRB 09-0405/1) – Increasing the Section 179 Deduction

Federal and state law provide for a phase-out for Section 179 expensing. The Section 179 expense amount is reduced by the amount by which the cost of Section 179 property placed in service during the taxable year exceeds a certain amount. Under current Wisconsin law, the phase-out for assets not used in farming starts at $200,000. For assets used in farming, the phase-out begins at $500,000. The bill does not contain any language regarding a phase-out. The author may wish to include such language.

The bill as written is confusing when it refers to Section 179 as the authority for expensing property but does not limit the application of the $50,000 threshold to "Section 179 property." To avoid unnecessary confusion, the second sentence in sections 71.07(7r)(d), 71.22(5m)(c), and 71.34(1m)(c) could be amended to read, "This paragraph applies to <u>section 179</u> property that is acquired and placed in service in taxable years beginning on or after . . . ."

The bill provides that the increased expense amount applies to property that is acquired and placed in service in taxable years beginning on or after January 1, 2008. The majority of tax year 2008 tax returns will be filed by the time this bill is enacted. This will result in a large number of businesses having to file amended 2008 returns in order to take advantage of the increased expensing. It would be preferable if this provision would first apply to taxable years beginning on or after January 1, 2009.

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@revenue.wi.gov.

cc: Rep. Roth

State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-0405/1
JK:jld:md

s0124/1

ASA 1

stays

2009 ASSEMBLY BILL 184

in 9-17-09

Today

April 2, 2009 – Introduced by Representatives ROTH, ZIEGELBAUER, VOS, TOWNSEND, PETROWSKI, A. OTT, MURTHA, MURSAU, LEMAHIEU, KLEEFISCH, GUNDERSON and BROOKS, cosponsored by Senators TAYLOR, OLSEN, GROTHMAN and DARLING. Referred to Committee on Jobs, the Economy and Small Business.

Regen

AN ACT *to create* 71.01 (7r) (d), 71.22 (5m) (c) and 71.34 (1m) (c) of the statutes; **relating to:** increasing expense deductions for income and franchise tax purposes.

Analysis by the Legislative Reference Bureau

Under recent changes to federal law, the amount that a business may claim as an expense deduction for federal income tax purposes increased from $25,000 to $100,000 for property placed in service in 2003, 2004, and 2005. Under current law. the increase in the expense deduction, for state income and franchise tax purposes, applies only to property used in farming that is acquired and placed in service beginning on or after January 1, 2008. An expense deduction for all other property is subject to a $25,000 limit.

This bill increases the expense deduction limit to $50,000 for property that is not used in farming and that is acquired and placed in service beginning on or after January 1, 2008.

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

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

SECTION 1. 71.01 (7r) (d) of the statutes is created to read:

section 179

71.01 **(7r)** (d) Notwithstanding sub. (6), and except as provided under par. (c), the total amount of the expense deduction that may be claimed under section 179 of the Internal Revenue Code is $50,000. This paragraph applies to property that is acquired and placed in service in taxable years beginning on or after January 1, ~~2008~~. 2009

SECTION 2. 71.22 (5m) (c) of the statutes is created to read:

71.22 **(5m)** (c) Notwithstanding subs. (4) and (4m), and except as provided under par. (b), the total amount of the expense deduction that may be claimed under section 179 of the Internal Revenue Code is $50,000. This paragraph applies to property that is acquired and placed in service in taxable years beginning on or after January 1, ~~2008~~. 2009

SECTION 3. 71.34 (1m) (c) of the statutes is created to read:

71.34 **(1m)** (c) Notwithstanding sub. (1g), and except as provided under par. (b), the total amount of the expense deduction that may be claimed under section 179 of the Internal Revenue Code is $50,000. This paragraph applies to property that is acquired and placed in service in taxable years beginning on or after January 1, ~~2008~~.

(END)

2009

and the investment limit phase-out for nonfarm assets is $200,000