

2009 DRAFTING REQUEST

Bill

Received: **10/01/2009**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Gary Tauchen (608) 266-3097**

By/Representing:

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.Tauchen@legis.wisconsin.gov**

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

Pre Topic:

No specific pre topic given

Topic:

Depreciation of property used in farming

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	jkreye 10/01/2009	jdyer 10/05/2009	jfrantze 10/05/2009	_____	lparisi 10/05/2009		State Tax
	jkreye 01/06/2010	jdyer 01/07/2010		_____			
/P2			rschluet 01/07/2010	_____	mbarman 01/07/2010		State Tax
/1	jkreye	jdyer	rschluet	_____	sbasford	sbasford	State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	01/12/2010	01/12/2010	01/12/2010 _____		01/12/2010	01/12/2010	Tax

FE Sent For:

*at
intro*

<END>

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PLEASE JACKET
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	jkreye 01/06/2010	jdyer 01/07/2010		_____			
/P2		1/12 jld	rschluet 01/07/2010	_____	mbarman 01/07/2010		State Tax

1/12/10

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FE Sent For:

P2 1/7 jld

PH

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2009 DRAFTING REQUEST

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/P1	jkreye	/P1 10/5 jld	to	10/5			

FE Sent For:

<END>

Kreye, Joseph

From: Grosz, Scott
Sent: Thursday, October 01, 2009 8:36 AM
To: Kreye, Joseph
Subject: RE: Tauchen Draft

Joe,

Have you had a chance to look at this drafting request from the Tauchen office? They gave me a call last night inquiring as to its status.

Thanks,

Scott

From: Grosz, Scott
Sent: Tuesday, September 01, 2009 1:45 PM
To: Kreye, Joseph
Subject: Tauchen Draft

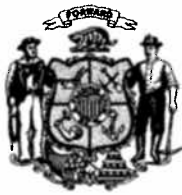
Joe,

You may have a message from an aide in Rep. Tauchen's office regarding a bill draft that would align state tax law with IRC ss. 168 and 179 for farmers. I met with Rep. Tauchen on Friday to hear from his constituent interested in the issue, and would be happy to fill you in on the meeting. If you haven't heard from him, then we should get together to talk more generally about getting a draft started.

In my preparation, one question that came to mind related to the extent to which we can pick up future changes to the federal law in the context of excessive or inappropriate delegation of legislative authority as described in the drafting manual.

Scott

Scott Grosz
Staff Attorney
Wisconsin Legislative Council
ph. (608) 266-1307



JLD

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 10-1-09

D-N

SOON

✓

Gen

1 AN ACT ...; relating to: depreciation and expense deductions for property used
2 in farming. ✓

Analysis by the Legislative Reference Bureau

Under this bill, the sections of the federal Internal Revenue Code that apply to amortization, depreciation, and expense deductions, and all subsequent changes to those sections, apply for state income and franchise tax purposes to property used in farming. ✓

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill. ✓

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

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

3 SECTION 1. 71.01 (7r) (b) of the statutes is renumbered 71.01 (7r) (b) 1. and
4 amended to read:

5 71.01 (7r) (b) 1. Notwithstanding sub. (6), for property acquired and placed in
6 service in taxable years beginning on or after December 31, 2005, and before January

1 1, ~~2006~~ 2010, a person who is actively engaged in farming may compute amortization
2 and depreciation on property used in farming under any subsequent change to
3 section 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after December 31,
4 2005. For purposes of this paragraph, “actively engaged in farming” has the meaning
5 given in 7 CFR 1400.201, and “farming” has the meaning given in section 464 (e) (1)
6 of the Internal Revenue Code. This ~~paragraph~~ subdivision does not apply unless a
7 federal law change enacted after December 31, 2005, revises section 101 of P.L.
8 107-147 or section 201 of P.L. 108-27.

History: 1987 a. 312; 1987 a. 411 ss. 6 to 8, 26, 27, 31; 1989 a. 31, 100, 336; 1991 a. 39, 269; 1993 a. 16, 112, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 109; 2003 a. 33; 2005 a. 25, 49, 362; 2007 a. 20, 226; 2009 a. 2, 28.

9 **SECTION 2.** 71.01 (7r) (b) 2. of the statutes is created to read:

10 71.01 (7r) (b) 2. Notwithstanding sub. (6), section 168 of the Internal Revenue
11 Code applies to property used in farming that is acquired and placed in service in
12 taxable years beginning on or after January 1, 2010, and used by a person who is
13 actively engaged in farming.

14 **SECTION 3.** 71.01 (7r) (c) of the statutes is renumbered 71.01 (7r) (c) 1. and
15 amended to read:

16 71.01 (7r) (c) 1. Notwithstanding sub. (6), section 101 of P.L. 109-222, related
17 to extending the increased expense deduction under section 179 of the Internal
18 Revenue Code, applies to property used in farming that is acquired and placed in
19 service in taxable years beginning ~~on or after~~ December 31, 2007, and before January
20 1, ~~2008~~ 2010, and used by a person who is actively engaged in farming. For purposes
21 of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR
22 1400.201, and “farming” has the meaning given in section 464 (e) (1) of the Internal
23 Revenue Code.

History: 1987 a. 312; 1987 a. 411 ss. 6 to 8, 26, 27, 31; 1989 a. 31, 100, 336; 1991 a. 39, 269; 1993 a. 16, 112, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 109; 2003 a. 33; 2005 a. 25, 49, 362; 2007 a. 20, 226; 2009 a. 2, 28.

1 **SECTION 4.** 71.01 (7r) (c) 2. of the statutes is created to read:

2 71.01 (7r) (c) 2. Notwithstanding sub. (6), section 179 of the Internal Revenue
3 Code applies to property used in farming that is acquired and placed in service in
4 taxable years beginning on or after January 1, 2010, and used by a person who is
5 actively engaged in farming.

6 **SECTION 5.** 71.22 (5m) (b) of the statutes is renumbered 71.22 (5m) (b) 1. and
7 amended to read:

8 71.22 (5m) (b) 1. Notwithstanding subs. (4) and (4m), section 101 of P.L.
9 109-222, related to extending the increased expense deduction under section 179 of
10 the Internal Revenue Code, applies to property used in farming that is acquired and
11 placed in service in taxable years beginning on or after December 31, 2007, and
12 before January 1, 2008 2010, and used by a person who is actively engaged in
13 farming. For purposes of this paragraph, "actively engaged in farming" has the
14 meaning given in 7 CFR 1400.201, and "farming" has the meaning given in section
15 464 (e) (1) of the Internal Revenue Code.

History: 1987 a. 312; 1987 a. 411 ss. 14, 19, 109, 112; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 112, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237, 252, 299; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33; 2005 a. 25, 49; 2007 a. 20, 226; 2009 a. 28.

16 **SECTION 6.** 71.22 (5m) (b) 2. of the statutes is created to read:

17 71.22 (5m) (b) 2. Notwithstanding subs. (4) and (4m), section 179 of the
18 Internal Revenue Code applies to property used in farming that is acquired and
19 placed in service in taxable years beginning on or after January 1, 2010, and used
20 by a person who is actively engaged in farming.

21 **SECTION 7.** 71.26 (3) (y) 2. of the statutes is renumbered 71.26 (3) (y) 2. a. and
22 amended to read:

23 71.26 (3) (y) 2. a. For property acquired and placed in service in taxable years
24 beginning on or after December 31, 2005, and before January 1, 2006 2010, a

1 corporation that is actively engaged in farming may compute amortization and
 2 depreciation on property used in farming under any subsequent change to section
 3 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after December 31, 2005.

4 For purposes of this subdivision, "actively engaged in farming" has the meaning
 5 given in 7 CFR 1400.201, and "farming" has the meaning given in section 464 (e) (1)

6 of the Internal Revenue Code. This ~~subdivision~~ ^{subd.} 2. a. does not apply unless a federal
 7 law change enacted after December 31, 2005, revises section 101 of P.L. 107-147 or
 8 section 201 of P.L. 108-27.

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428;
 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479,
 483; 2007 a. 20, 96, 97, 151, 226; 2009 a. 28.

9 **SECTION 8.** 71.26 (3) (y) 2. b. of the statutes is created to read:

10 71.26 (3) (y) 2. b. Section 168 of the Internal Revenue Code applies to property
 11 used in farming that is acquired and placed in service in taxable years beginning on
 12 or after January 1, 2010, and used by a person who is actively engaged in farming.

13 **SECTION 9.** 71.34 (1m) (b) of the statutes is renumbered 71.34 (1m) (b) 1. and
 14 amended to read:

15 71.34 (1m) (b) 1. Notwithstanding sub. (1g), section 101 of P.L. 109-222,
 16 related to extending the increased expense deduction under section 179 of the
 17 Internal Revenue Code, applies to property used in farming that is acquired and
 18 placed in service in taxable years beginning ~~on or after~~ December 31, 2007, and
 19 before January 1, 2008 2010, and used by a person who is actively engaged in
 20 farming. For purposes of this paragraph, "actively engaged in farming" has the
 21 meaning given in 7 CFR 1400.201, and "farming" has the meaning given in section
 22 464 (e) (1) of the Internal Revenue Code.

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16,
 109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 25, 49, 74, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28.

23 **SECTION 10.** 71.34 (1m) (b) 2. of the statutes is created to read:

1 71.34 (1m) (b) 2. Notwithstanding sub. (1g), section 179 of the Internal
2 Revenue Code applies to property used in farming that is acquired and placed in
3 service in taxable years beginning on or after January 1, 2010, and used by a person
4 who is actively engaged in farming.

5 **SECTION 11.** 71.365 (1m) (b) of the statutes is renumbered 71.365 (1m) (b) 1. and
6 amended to read:

7 71.365 (1m) (b) 1. For property acquired and placed in service in taxable years
8 beginning on or after December 31, 2005, and before January 1, 2006 2010, a
9 tax-option corporation that is actively engaged in farming may compute
10 amortization and depreciation on property used in farming under any subsequent
11 change to section 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after
12 December 31, 2005. For purposes of this paragraph, "actively engaged in farming"
13 has the meaning given in 7 CFR 1400.201, and "farming" has the meaning given in
14 section 464 (e) (1) of the Internal Revenue Code. This paragraph subdivision does
15 not apply unless a federal law change enacted after December 31, 2005, revises
16 section 101 of P.L. 107-147 or section 201 of P.L. 108-27.

History: 1987 a. 312; 1987 a. 411 ss. 40, 50, 147; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 109; 2005 a. 362; 2009 a. 28.

17 **SECTION 12.** 71.365 (1m) (b) 2. of the statutes is created to read:

18 71.365 (1m) (b) 2. Section 168 of the Internal Revenue Code applies to property
19 used in farming that is acquired and placed in service in taxable years beginning on
20 or after January 1, 2010, and used by a person who is actively engaged in farming.

21 (END)

d-note
↓

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

LRB-3589/P1dn

JK: ↑:....

date

jld

Representative Tauchen:

Please review this draft carefully to ensure that it is consistent with your intent. ✓ I also sent a copy of the draft to Scott Grosz at the Legislative Council for his review. ✓

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

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

LRB-3589/P1dn
JK:jld:jf

October 5, 2009

Representative Tauchen:

Please review this draft carefully to ensure that it is consistent with your intent. I also sent a copy of the draft to Scott Grosz at the Legislative Council for his review.

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

**Excerpts from Wisconsin Statutes with Proposed Changes
of Depreciation and Expensing for Farmers**

Philip E. Harris
Department of Agricultural and Applied Economics
Center for Dairy Profitability
University of Wisconsin-Madison/Extension

71.01(6)(t)

(t) For taxable years that begin after December 31, 2006, for natural persons and fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, "Internal Revenue Code" means the federal Internal Revenue Code as amended to December 31, 2006, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, sections 811 and 844 of P.L. 109-280, and P.L. 109-432, and as indirectly affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-280, P.L. 101-508, P.L. 102-90, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-117, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the federal Internal Revenue Code enacted after December 31, 2006, do not apply to this paragraph with respect to taxable years beginning after December 31, 2006.

71.01(7)

(7) Notwithstanding sub. (6), for natural persons, fiduciaries, trusts and estates, at the taxpayer's option, "internal revenue code", for taxable year 1986 and subsequent taxable years, includes any revisions to the federal internal revenue code adopted after January 1, 1986, that relate to the taxation of income derived from any source as a direct consequence of participation in the milk production termination program created by section 101 of P.L. 99-198.

71.01(7m)

(7m) Notwithstanding sub. (6), for natural persons, fiduciaries, trusts and estates, at the taxpayer's option, "internal revenue code" for taxable years beginning after December 31, 1987, includes any revisions to section 67 (c) of the internal revenue code adopted after January 1, 1988, that relate to the indirect expenses of regulated investment companies.

71.01(7n)

(7n) Notwithstanding sub. (6), a qualified retirement fund for a taxable year for federal income tax purposes is a qualified retirement fund for the taxable year for purposes of this subchapter.

71.01(7r)

(7r)

71.01(7r)(a)

(a) Notwithstanding sub. (6), and except as provided in par. (b), for purposes of computing amortization or depreciation, "Internal Revenue Code" means the federal Internal Revenue Code as amended to December 31, 2000, except that property that, under s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated for taxable year 1986 under the Internal Revenue Code as amended to December 31, 1980, shall continue to be depreciated under the Internal Revenue Code as amended to December 31, 1980.

71.01(7r)(b)

(b) Notwithstanding sub. (6), for property acquired and placed in service in taxable years beginning on or after January 1, 2009, a person who is actively engaged in farming may compute amortization and depreciation on property used in farming under any revisions to section 168 of the Internal Revenue Code adopted after December 31, 2000. For purposes of this paragraph, "actively engaged in farming" has the meaning given in 7 CFR 1400.201, and "farming" has the meaning given in section 464 (e) (1) of the Internal Revenue Code.

71.01(7r)(c)

(c) Notwithstanding sub. (6), for property used in farming that is acquired and placed in service in taxable years beginning on or after January 1, 2009, and used by a person who is actively engaged in farming, "Internal Revenue Code" includes any revisions to section 179 of the Internal Revenue Code adopted after December 31, 2000. For purposes of this paragraph, "actively engaged in farming" has the meaning given in 7 CFR 1400.201, and "farming" has the meaning given in section 464 (e) (1) of the Internal Revenue Code.

Deleted: 6
Deleted: subsequent
Deleted: change to section 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after December 31, 2005
Deleted: This paragraph does not apply unless a federal law change enacted after December 31, 2005, revises section 101 of P.L. 107-147 or section 201 of P.L. 108-27
Deleted: section 101 of P.L. 109-222, related to extending the increased expense deduction under section 179 of the Internal Revenue Code, applies to
Deleted: 8

71.22(4)(t)

(t) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after December 31, 2006, means the

federal Internal Revenue Code as amended to December 31, 2006, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, sections 811 and 844 of P.L. 109-280, and P.L. 109-432, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the federal Internal Revenue Code enacted after December 31, 2006, do not apply to this paragraph with respect to taxable years beginning after December 31, 2006.

71.22(4m)(r)

(r) For taxable years that begin after December 31, 2006, "Internal Revenue Code," for corporations that are subject to a tax on unrelated business income under s. 71.26 (1) (a), means the federal Internal Revenue Code as amended to December 31, 2006, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311,

sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, sections 811 and 844 of P.L. 109-280, and P.L. 109-432, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the Internal Revenue Code enacted after December 31, 2006, do not apply to this paragraph with respect to taxable years beginning after December 31, 2006.

71.22(5m)(b)

(b) Notwithstanding subs. (4) and (4m), for property used in farming that is acquired and placed in service in taxable years beginning on or after January 1, 2009, and used by a person who is actively engaged in farming, "Internal Revenue Code" includes any revisions to section 179 of the Internal Revenue Code adopted after December 31, 2000. For purposes of this paragraph, "actively engaged in farming" has the meaning given in 7 CFR 1400.201, and "farming" has the meaning given in section 464 (e) (1) of the Internal Revenue Code.

Deleted: section 101 of P.L. 109-222, related to extending the increased expense deduction under section 179 of the Internal Revenue Code, applies to

Deleted: 8

71.26(3)(y)2.

2. For property acquired and placed in service in taxable years beginning on or after January 1, 2009, a corporation that is actively engaged in farming may compute amortization and depreciation on property used in farming under any subsequent revisions to section 168 of the Internal Revenue Code adopted after December 31, 2000. For purposes of this subdivision, "actively engaged in farming" has the meaning given in 7 CFR 1400.201, and "farming" has the meaning given in section 464 (e) (1) of the Internal Revenue Code.

Deleted: 6

Deleted: change to section 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after December 31, 2005

Deleted: This subdivision does not apply unless a federal law change enacted after December 31, 2005, revises section 101 of P.L. 107-147 or section 201 of P.L. 108-27.

71.34(1g)(t)

(t) "Internal Revenue Code" for tax-option corporations, for taxable years that begin after December 31, 2006, means the federal Internal Revenue Code as amended to December 31, 2006, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, sections 811 and 844 of P.L. 109-280, and P.L. 109-432, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, except that section 1366 (f) (relating to pass-through of items to shareholders) is modified by substituting the tax under s. 71.35 for the taxes under sections 1374 and 1375. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the federal Internal Revenue Code enacted after December 31, 2006, do not apply to this paragraph with respect to taxable years beginning after December 31, 2006.

71.34(1m)(b)

(b) Notwithstanding sub. (1g), for property used in farming that is acquired and placed in service in taxable years beginning on or after January 1, 2009, and used by a person who is actively engaged in farming, "Internal Revenue Code" includes any revisions to section 179 of the Internal Revenue Code adopted after December 31, 2000. For purposes of this paragraph,

Deleted: section 101 of P.L. 109-222, related to extending the increased expense deduction under section 179 of the Internal Revenue Code, applies to

Deleted: s

"actively engaged in farming" has the meaning given in 7 CFR 1400.201, and "farming" has the meaning given in section 464 (e) (1) of the Internal Revenue Code.

71.365(1m)(b)

(b) For property acquired and placed in service in taxable years beginning on or after January 1, 2002, a tax-option corporation that is actively engaged in farming may compute amortization and depreciation on property used in farming under any subsequent revisions to section 168 of the Internal Revenue Code adopted after December 31, 2000. For purposes of this paragraph, "actively engaged in farming" has the meaning given in 7 CFR 1400.201, and "farming" has the meaning given in section 464 (e) (1) of the Internal Revenue Code.

Deleted: 6

Deleted: change to section 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after December 31, 2005

Deleted: This paragraph does not apply unless a federal law change enacted after December 31, 2005, revises section 101 of P.L. 107-147 or section 201 of P.L. 108-27.

Kreye, Joseph

From: Arrowood, Craig
Sent: Wednesday, January 06, 2010 9:24 AM
To: Kreye, Joseph
Subject: FW: Draft of legislation LRB 3589/P1

Attachments: 09-3589P1.pdf; Excerpts from Wisconsin Statutes with Proposed Changes 2009 08 28.doc



09-3589P1.pdf (24 KB) Excerpts from Wisconsin Statut..

Joseph-

I talked with Phil Harris about the meeting he had with you, JoAnne Maedke, and Rep. Tauchen. Dr. Harris has been gracious enough to provide a list of issues with the current draft (see below). Rep. Tauchen wants to address those issues that Dr. Harris cites before we move with this legislation. If any questions regarding what he wants you can either contact me and I will relay the message to Dr. Harris or contact Dr. Harris with your more technical questions. Rep. Tauchen wants to defer to Dr. Harris' expertise on this draft.

Any questions please feel free to call.

Craig Arrowood
Research Assistant for Rep. Tauchen

-----Original Message-----

From: Phil Harris [mailto:peharris@wisc.edu]
Sent: Tuesday, January 05, 2010 5:26 PM
To: Arrowood, Craig
Cc: JoAnn Maedke (maedextax@hotmail.com)
Subject: Draft of legislation

Craig,

The attached draft of the legislation that you sent to me on 24 November and 15 December has many of the problems that we discussed last summer. I do not think it will allow farmers to claim the same depreciation and Sec. 179 deduction on their Wisconsin return as they can claim on their federal return.

Problems that I see are:

1. The changes are effective only through 2009. They do not affect 2010 and thereafter.
2. As we discussed last summer, this draft changes Wisconsin law only if Congress revises section 101 of Pub. L. 107-147 or section 201 of Pub. L. 108-27 after December 31, 2005. That language does not conform Wisconsin law to federal law because Congress has not amended those public laws. It has amended the Internal Revenue Code. That is why I recommended referring to IRC sections rather than public law sections.

I am attaching my suggested changes to Wisconsin Statutes.

I will try to call you this week to follow up.

Phil

Philip E. Harris, Professor
Department of Agricultural and Applied Economics University of Wisconsin-Madison
517 Taylor Hall
427 Lorch Street
Madison, WI 53706

Phone: 608.262.9490
Fax: 608.265.7890
e-mail: peharris@wisc.edu

Kreye, Joseph

From: Kreye, Joseph
Sent: Wednesday, January 06, 2010 9:48 AM
To: Arrowood, Craig
Subject: RE: Draft of legislation LRB 3589/P1

Thanks Craig,

I don't actually recall having such a meeting, but that's OK. I can make the suggestions recommended by Phil Harris, but they won't appear exactly as he suggested because of the structure of the statutes. In addition, his analysis seems to ignore the sections created in the draft to address taxable years beginning on or after January 1, 2010 (Sections 2, 4, 6, 8, 10, and 12).

I will incorporate the recommended changes and send you a draft for your review.

Joe

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

-----Original Message-----

From: Arrowood, Craig
Sent: Wednesday, January 06, 2010 9:24 AM
To: Kreye, Joseph
Subject: FW: Draft of legislation LRB 3589/P1

Joseph-

I talked with Phil Harris about the meeting he had with you, JoAnne Maedke, and Rep. Tauchen. Dr. Harris has been gracious enough to provide a list of issues with the current draft (see below). Rep. Tauchen wants to address those issues that Dr. Harris cites before we move with this legislation. If any questions regarding what he wants you can either contact me and I will relay the message to Dr. Harris or contact Dr. Harris with your more technical questions. Rep. Tauchen wants to defer to Dr. Harris' expertise on this draft.

Any questions please feel free to call.

Craig Arrowood
Research Assistant for Rep. Tauchen

-----Original Message-----

From: Phil Harris [mailto:peharris@wisc.edu]
Sent: Tuesday, January 05, 2010 5:26 PM
To: Arrowood, Craig
Cc: JoAnn Maedke (maedextax@hotmail.com)
Subject: Draft of legislation

Craig,

The attached draft of the legislation that you sent to me on 24 November and 15 December has many of the problems that we discussed last summer. I do not think it will allow farmers to claim the same depreciation and Sec. 179 deduction on their Wisconsin return as they can claim on their federal return.

Problems that I see are:

1. The changes are effective only through 2009. They do not affect 2010 and thereafter.
2. As we discussed last summer, this draft changes Wisconsin law only if Congress revises section 101 of Pub. L. 107-147 or section 201 of Pub. L. 108-27 after December 31, 2005. That language does not conform Wisconsin law to federal law because Congress has not amended those public laws. It has amended the Internal Revenue Code. That is why I recommended referring to IRC sections rather than public law sections.

I am attaching my suggested changes to Wisconsin Statutes.

I will try to call you this week to follow up.

Phil

Philip E. Harris, Professor
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State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-3589/P1
JK:jld:jf

RMYR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

m 1-6-10

x

Regen

1 AN ACT *to renumber and amend* 71.01 (7r) (b), 71.01 (7r) (c), 71.22 (5m) (b),
 2 71.26 (3) (y) 2., 71.34 (1m) (b) and 71.365 (1m) (b); and *to create* 71.01 (7r) (b)
 3 2., 71.01 (7r) (c) 2., 71.22 (5m) (b) 2., 71.26 (3) (y) 2. b., 71.34 (1m) (b) 2. and
 4 71.365 (1m) (b) 2. of the statutes; **relating to:** depreciation and expense
 5 deductions for property used in farming. ✓

Analysis by the Legislative Reference Bureau ✓

Under this bill, the sections of the federal Internal Revenue Code that apply to amortization, depreciation, and expense deductions, and all subsequent changes to those sections, apply for state income and franchise tax purposes to property used in farming.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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

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

2009 ✓

1 SECTION 1. 71.01 (7r) (b) of the statutes is renumbered 71.01 (7r) (b) 1. and
2 amended to read:

3 71.01 (7r) (b) 1. Notwithstanding sub. (6), for property acquired and placed in
4 service in taxable years beginning ~~on or~~ after December 31, 2005, and before January

5 1, ~~2006/2010~~ a person who is actively engaged in farming may compute amortization
6 and depreciation on property used in farming under any subsequent change to
7 section 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after December 31,
8 2005. For purposes of this paragraph, "actively engaged in farming" has the meaning
9 given in 7 CFR 1400.201, and "farming" has the meaning given in section 464 (e) (1)
10 of the Internal Revenue Code. This paragraph subdivision does not apply unless a
11 federal law change enacted after December 31, 2005, revises section 101 of P.L.
12 107-147 or section 201 of P.L. 108-27.

13 SECTION 2. 71.01 (7r) (b) 2. of the statutes is created to read:

14 71.01 (7r) (b) 2. Notwithstanding sub. (6), section 168 of the Internal Revenue
15 Code applies to property used in farming that is acquired and placed in service in
16 taxable years beginning on or after January 1, ~~2010~~²⁰⁰⁹ and used by a person who is
17 actively engaged in farming. ✓

18 SECTION 3. 71.01 (7r) (c) of the statutes is renumbered 71.01 (7r) (c) 1. and
19 amended to read:

20 71.01 (7r) (c) 1. Notwithstanding sub. (6), section 101 of P.L. 109-222, related
21 to extending the increased expense deduction under section 179 of the Internal
22 Revenue Code, applies to property used in farming that is acquired and placed in
23 service in taxable years beginning ~~on or~~ after December 31, 2007, and before January

24 1, ~~2008/2010~~²⁰⁰⁹ and used by a person who is actively engaged in farming. For purposes
25 of this paragraph, "actively engaged in farming" has the meaning given in 7 CFR

including any revision of that section adopted after December 31, 2000, ✓

use twice

including any revision of that section adopted after December 31, 2000,

move

1 1400.201, and "farming" has the meaning given in section 464 (e) (1) of the Internal
2 Revenue Code.

3 SECTION 4. 71.01 (7r) (c) 2. of the statutes is created to read:

4 71.01 (7r) (c) 2. Notwithstanding sub. (6), section 179 of the Internal Revenue

5 Code applies to property used in farming that is acquired and placed in service in
6 taxable years beginning on or after January 1, 2010, and used by a person who is
7 actively engaged in farming. *2009 ✓*

8 SECTION 5. 71.22 (5m) (b) of the statutes is renumbered 71.22 (5m) (b) 1. and
9 amended to read:

10 71.22 (5m) (b) 1. Notwithstanding subs. (4) and (4m), section 101 of P.L.
11 109-222, related to extending the increased expense deduction under section 179 of
12 the Internal Revenue Code, applies to property used in farming that is acquired and
13 placed in service in taxable years beginning on or after December 31, 2007, and
14 before January 1, 2008/2010, and used by a person who is actively engaged in
15 farming. For purposes of this paragraph, "actively engaged in farming" has the
16 meaning given in 7 CFR 1400.201, and "farming" has the meaning given in section
17 464 (e) (1) of the Internal Revenue Code. *2009 ✓*

move

18 SECTION 6. 71.22 (5m) (b) 2. of the statutes is created to read:

19 71.22 (5m) (b) 2. Notwithstanding subs. (4) and (4m), section 179 of the

20 Internal Revenue Code) applies to property used in farming that is acquired and
21 placed in service in taxable years beginning on or after January 1, 2010, and used
22 by a person who is actively engaged in farming. *2009 ✓*

23 SECTION 7. 71.26 (3) (y) 2. of the statutes is renumbered 71.26 (3) (y) 2. a. and
24 amended to read:

1 71.26 (3) (y) 2. a. For property acquired and placed in service in taxable years
 2 beginning ~~on or after~~ December 31, 2005, and before January 1, ~~2006~~ 2010, a ²⁰⁰⁹
 3 corporation that is actively engaged in farming may compute amortization and
 4 depreciation on property used in farming under any subsequent change to section
 5 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after December 31, 2005.
 6 For purposes of this subdivision, "actively engaged in farming" has the meaning
 7 given in 7 CFR 1400.201, and "farming" has the meaning given in section 464 (e) (1)
 8 of the Internal Revenue Code. This ~~subdivision~~ subd. 2. a. does not apply unless a
 9 federal law change enacted after December 31, 2005, revises section 101 of P.L.
 10 107-147 or section 201 of P.L. 108-27.

11 **SECTION 8.** 71.26 (3) (y) 2. b. of the statutes is created to read:

12 71.26 (3) (y) 2. b. Section 168 of the Internal Revenue Code [✓] applies to property
 13 used in farming that is acquired and placed in service in taxable years beginning on
 14 or after January 1, ~~2010~~ ²⁰⁰⁹ and used by a person who is actively engaged in farming.

15 **SECTION 9.** 71.34 (1m) (b) of the statutes is renumbered 71.34 (1m) (b) 1. and
 16 amended to read:

17 71.34 (1m) (b) 1. Notwithstanding sub. (1g), section 101 of P.L. 109-222,
 18 related to extending the increased expense deduction under section 179 of the
 19 Internal Revenue Code, applies to property used in farming that is acquired and
 20 placed in service in taxable years beginning ~~on or after~~ December 31, 2007, and
 21 before January 1, ~~2008~~ ²⁰⁰⁹ and used by a person who is actively engaged in
 22 farming. For purposes of this paragraph, "actively engaged in farming" has the
 23 meaning given in 7 CFR 1400.201, and "farming" has the meaning given in section
 24 464 (e) (1) of the Internal Revenue Code.

25 **SECTION 10.** 71.34 (1m) (b) 2. of the statutes is created to read:

[✓] [, including any revision of that section
 adopted after December 31, 2000, [✓]

1 71.34 (1m) (b) 2. Notwithstanding sub. (1g), section 179 of the Internal
2 Revenue Code) applies to property used in farming that is acquired and placed in
3 service in taxable years beginning on or after January 1, ~~2010~~ and used by a person
4 who is actively engaged in farming. 2009 ✓

5 SECTION 11. 71.365 (1m) (b) of the statutes is renumbered 71.365 (1m) (b) 1. and
6 amended to read: 2009 ✓

7 71.365 (1m) (b) 1. For property acquired and placed in service in taxable years
8 beginning ~~on or after December 31, 2005, and before January 1, 2006~~ ~~2010~~ a
9 tax-option corporation that is actively engaged in farming may compute
10 amortization and depreciation on property used in farming under any subsequent
11 change to section 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after
12 December 31, 2005. For purposes of this paragraph, “actively engaged in farming”
13 has the meaning given in 7 CFR 1400.201, and “farming” has the meaning given in
14 section 464 (e) (1) of the Internal Revenue Code. This paragraph subdivision does
15 not apply unless a federal law change enacted after December 31, 2005, revises
16 section 101 of P.L. 107-147 or section 201 of P.L. 108-27.

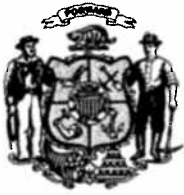
17 SECTION 12. 71.365 (1m) (b) 2. of the statutes is created to read:

18 71.365 (1m) (b) 2. Section 168 of the Internal Revenue Code applies to property
19 used in farming that is acquired and placed in service in taxable years beginning on
20 or after January 1, ~~2010~~ and used by a person who is actively engaged in farming.

21 (END)

2009 ✓

, including any revision of that section adopted after December 31, 2000,



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-3589/P2
JK:jld:rs

RNR

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

a

in Tue 1-12-10

due today

✓

Regen

1 AN ACT *to renumber and amend* 71.01 (7r) (b), 71.01 (7r) (c), 71.22 (5m) (b),
2 71.26 (3) (y) 2., 71.34 (1m) (b) and 71.365 (1m) (b); and *to create* 71.01 (7r) (b)
3 2., 71.01 (7r) (c) 2., 71.22 (5m) (b) 2., 71.26 (3) (y) 2. b., 71.34 (1m) (b) 2. and
4 71.365 (1m) (b) 2. of the statutes; **relating to:** depreciation and expense
5 deductions for property used in farming.

Analysis by the Legislative Reference Bureau

Under this bill, the sections of the federal Internal Revenue Code that apply to amortization, depreciation, and expense deductions, and all subsequent changes to those sections, apply for state income and franchise tax purposes to property used in farming.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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

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

1 **SECTION 1.** 71.01 (7r) (b) of the statutes is renumbered 71.01 (7r) (b) 1. and
2 amended to read:

3 71.01 **(7r)** (b) 1. Notwithstanding sub. (6), for property acquired and placed in
4 service in taxable years beginning ~~on or~~ after December 31, 2005, and before January
5 1, ~~2006~~ 2009, a person who is actively engaged in farming may compute amortization
6 and depreciation on property used in farming under any subsequent change to
7 section 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after December 31,
8 2005. For purposes of this paragraph, "actively engaged in farming" has the meaning
9 given in 7 CFR 1400.201, and "farming" has the meaning given in section 464 (e) (1)
10 of the Internal Revenue Code. This ~~paragraph~~ subdivision does not apply unless a
11 federal law change enacted after December 31, 2005, revises section 101 of P.L.
12 107-147 or section 201 of P.L. 108-27.

13 **SECTION 2.** 71.01 (7r) (b) 2. of the statutes is created to read:

14 71.01 **(7r)** (b) 2. Notwithstanding sub. (6), section 168 of the Internal Revenue
15 Code, including any revision of that section adopted after December 31, 2000, applies
16 to property used in farming that is acquired and placed in service in taxable years
17 beginning on or after January 1, 2009, and used by a person who is actively engaged
18 in farming.

19 **SECTION 3.** 71.01 (7r) (c) of the statutes is renumbered 71.01 (7r) (c) 1. and
20 amended to read:

21 71.01 **(7r)** (c) 1. Notwithstanding sub. (6), section 101 of P.L. 109-222, related
22 to extending the increased expense deduction under section 179 of the Internal
23 Revenue Code, applies to property used in farming that is acquired and placed in
24 service in taxable years beginning ~~on or~~ after December 31, 2007, and before January
25 1, ~~2008~~ 2009, and used by a person who is actively engaged in farming. For purposes

1 of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR
2 1400.201, and “farming” has the meaning given in section 464 (e) (1) of the Internal
3 Revenue Code.

4 **SECTION 4.** 71.01 (7r) (c) 2. of the statutes is created to read:

5 71.01 (**7r**) (c) 2. Notwithstanding sub. (6), section 179 of the Internal Revenue
6 Code, including any revision of that section adopted after December 31, 2000, applies
7 to property used in farming that is acquired and placed in service in taxable years
8 beginning on or after January 1, 2009, and used by a person who is actively engaged
9 in farming.

10 **SECTION 5.** 71.22 (5m) (b) of the statutes is renumbered 71.22 (5m) (b) 1. and
11 amended to read:

12 71.22 (**5m**) (b) 1. Notwithstanding subs. (4) and (4m), section 101 of P.L.
13 109-222, related to extending the increased expense deduction under section 179 of
14 the Internal Revenue Code, applies to property used in farming that is acquired and
15 placed in service in taxable years beginning ~~on or~~ after December 31, 2007, and
16 before January 1, 2008 2009, and used by a person who is actively engaged in
17 farming. For purposes of this paragraph, “actively engaged in farming” has the
18 meaning given in 7 CFR 1400.201, and “farming” has the meaning given in section
19 464 (e) (1) of the Internal Revenue Code.

20 **SECTION 6.** 71.22 (5m) (b) 2. of the statutes is created to read:

21 71.22 (**5m**) (b) 2. Notwithstanding subs. (4) and (4m), section 179 of the
22 Internal Revenue Code, including any revision of that section adopted after
23 December 31, 2000, applies to property used in farming that is acquired and placed
24 in service in taxable years beginning on or after January 1, 2009, and used by a
25 person who is actively engaged in farming.

1 **SECTION 7.** 71.26 (3) (y) 2. of the statutes is renumbered 71.26 (3) (y) 2. a. and
2 amended to read:

3 71.26 (3) (y) 2. a. For property acquired and placed in service in taxable years
4 beginning ~~on or~~ after December 31, 2005, and before January 1, ~~2006~~ 2009, a
5 corporation that is actively engaged in farming may compute amortization and
6 depreciation on property used in farming under any subsequent change to section
7 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after December 31, 2005.
8 For purposes of this subdivision, “actively engaged in farming” has the meaning
9 given in 7 CFR 1400.201, and “farming” has the meaning given in section 464 (e) (1)
10 of the Internal Revenue Code. This ~~subdivision~~ subd. 2. a. does not apply unless a
11 federal law change enacted after December 31, 2005, revises section 101 of P.L.
12 107-147 or section 201 of P.L. 108-27.

13 **SECTION 8.** 71.26 (3) (y) 2. b. of the statutes is created to read:

14 71.26 (3) (y) 2. b. Section 168 of the Internal Revenue Code, including any
15 revision of that section adopted after December 31, 2000, applies to property used in
16 farming that is acquired and placed in service in taxable years beginning on or after
17 January 1, 2009, and used by a person who is actively engaged in farming.

18 **SECTION 9.** 71.34 (1m) (b) of the statutes is renumbered 71.34 (1m) (b) 1. and
19 amended to read:

20 71.34 (1m) (b) 1. Notwithstanding sub. (1g), section 101 of P.L. 109-222,
21 related to extending the increased expense deduction under section 179 of the
22 Internal Revenue Code, applies to property used in farming that is acquired and
23 placed in service in taxable years beginning ~~on or~~ after December 31, 2007, and
24 before January 1, ~~2008~~ 2009, and used by a person who is actively engaged in
25 farming. For purposes of this paragraph, “actively engaged in farming” has the

1 meaning given in 7 CFR 1400.201, and “farming” has the meaning given in section
2 464 (e) (1) of the Internal Revenue Code.

3 **SECTION 10.** 71.34 (1m) (b) 2. of the statutes is created to read:

4 71.34 (1m) (b) 2. Notwithstanding sub. (1g), section 179 of the Internal
5 Revenue Code, including any revision of that section adopted after December 31,
6 2000, applies to property used in farming that is acquired and placed in service in
7 taxable years beginning on or after January 1, 2009, and used by a person who is
8 actively engaged in farming.

9 **SECTION 11.** 71.365 (1m) (b) of the statutes is renumbered 71.365 (1m) (b) 1. and
10 amended to read:

11 71.365 (1m) (b) 1. For property acquired and placed in service in taxable years
12 beginning ~~on or after~~ December 31, 2005, and before January 1, 2006 2009, a
13 tax-option corporation that is actively engaged in farming may compute
14 amortization and depreciation on property used in farming under any subsequent
15 change to section 101 of P.L. 107-147 or section 201 of P.L. 108-27 enacted after
16 December 31, 2005. For purposes of this paragraph, “actively engaged in farming”
17 has the meaning given in 7 CFR 1400.201, and “farming” has the meaning given in
18 section 464 (e) (1) of the Internal Revenue Code. ~~This paragraph~~ subdivision does
19 not apply unless a federal law change enacted after December 31, 2005, revises
20 section 101 of P.L. 107-147 or section 201 of P.L. 108-27.

21 **SECTION 12.** 71.365 (1m) (b) 2. of the statutes is created to read:

22 71.365 (1m) (b) 2. Section 168 of the Internal Revenue Code, including any
23 revision of that section adopted after December 31, 2000, applies to property used in

1 farming that is acquired and placed in service in taxable years beginning on or after
2 January 1, 2009, and used by a person who is actively engaged in farming.

3 (END)