

2019 DRAFTING REQUEST

Bill

For: **Administration-Budget** Drafter: **jkreye**
 By: **Quinn** Secondary Drafters:
 Date: **1/2/2019** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email:
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**
joseph.kreye@legis.wisconsin.gov

Pre Topic:

DOA:.....Quinn, BB0164 -

Topic:

Repeal 2017-19 broadcaster apportionment modifications

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	jkreye 1/2/2019	csicilia 1/4/2019	dwalker 1/4/2019		State

FE Sent For: **<END>**



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1173/P1

JK:..

Legis

DOA:.....Quinn, BB0164 - Repeal 2017-19 broadcaster apportionment modifications

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a broadcaster's gross royalties and other gross receipts received for the use or license of intangible property are apportioned to this state for income and franchise tax purposes only if the commercial domicile of the purchaser or licensee is in this state and the purchaser or licensee has a direct connection or relationship with the broadcaster pursuant to a contract under which the royalties or receipts are derived. This bill eliminates that provision.

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:

X 2 SECTION 1. 71.01 (1as) of the statutes is repealed.

3 SECTION 2. 71.04 (7) (dh) 3. of the statutes is amended to read:

SECTION 2

1 71.04 (7) (dh) 3. ~~Except as provided in subd. 4., if~~ If the purchaser of a service
2 receives the benefit of a service in more than one state, the gross receipts from the
3 performance of the service are included in the numerator of the sales factor according
4 to the portion of the service received in this state.

History: 1987 a. 312; 1987 a. 411 ss. 34 to 40, 61; 1989 a. 31; 1989 a. 56 s. 259; 1991 a. 39, 189, 269; 1993 a. 112, 204, 491; 1995 a. 27; 1997 a. 27, 237; 1999 a. 9; 2003 a. 37; 2005 a. 25; 2007 a. 20; 2009 a. 2, 28; 2015 a. 84, 196, 216; 2017 a. 59.

Cross-reference: See also s. Tax 2.39, Wis. adm. code.

5 **SECTION 3.** 71.04 (7) (dh) 4. of the statutes is repealed.

6 **SECTION 4.** 71.04 (7) (dj) 1. (intro.) of the statutes is renumbered 71.04 (7) (dj)
7 (intro.) and amended to read:

8 **SECTION 5.** 71.04 (7) (dj) (intro.) of the statutes is amended to read:

9 71.04 (7) (dj) (intro.) Except as provided in ~~subd. 2. and~~ par. (df), gross royalties
10 and other gross receipts received for the use or license of intangible property,
11 including patents, copyrights, trademarks, trade names, service names, franchises,
12 licenses, plans, specifications, blueprints, processes, techniques, formulas, designs,
13 layouts, patterns, drawings, manuals, technical know-how, contracts, and customer
14 lists, are sales in this state if any of the following applies:

History: 1987 a. 312; 1987 a. 411 ss. 34 to 40, 61; 1989 a. 31; 1989 a. 56 s. 259; 1991 a. 39, 189, 269; 1993 a. 112, 204, 491; 1995 a. 27; 1997 a. 27, 237; 1999 a. 9; 2003 a. 37; 2005 a. 25; 2007 a. 20; 2009 a. 2, 28; 2015 a. 84, 196, 216; 2017 a. 59.

Cross-reference: See also s. Tax 2.39, Wis. adm. code.

15 **SECTION 6.** 71.04 (7) (dj) 1. a. of the statutes is amended to read:

16 **SECTION 7.** 71.04 (7) (dj) 1. a. of the statutes is renumbered 71.04 (7) (dj) 1m.
17 and amended to read:

18 71.04 (7) (dj) 1m. The purchaser or licensee uses the intangible property in the
19 operation of a trade or business at a location in this state. ~~Except as provided in subd.~~
20 ~~2., if~~ If the purchaser or licensee uses the intangible property in the operation of a
21 trade or business in more than one state, the gross royalties and other gross receipts
22 from the use of the intangible property shall be divided between those states having

1 jurisdiction to impose an income tax on the taxpayer in proportion to the use of the
2 intangible property in those states.

History: 1987 a. 312; 1987 a. 411 ss. 34 to 40, 61; 1989 a. 31; 1989 a. 56 s. 259; 1991 a. 39, 189, 269; 1993 a. 112, 204, 491; 1995 a. 27; 1997 a. 27, 237; 1999 a. 9; 2003 a. 37; 2005 a. 25; 2007 a. 20; 2009 a. 2, 28; 2015 a. 84, 196, 216; 2017 a. 59.

Cross-reference: See also s. Tax 2.39, Wis. adm. code.

3 **SECTION 8.** 71.04 (7) (dj) 1. b. of the statutes is renumbered 71.04 (7) (dj) 2m.

4 **SECTION 9.** 71.04 (7) (dj) 1. c. of the statutes is renumbered 71.04 (7) (dj) 3m.

5 **SECTION 10.** 71.04 (7) (dj) 2. of the statutes is repealed.

6 **SECTION 11.** 71.04 (7) (g) of the statutes is repealed.

7 **SECTION 12.** 71.22 (1e) of the statutes is repealed.

8 **SECTION 13.** 71.25 (9) (dh) 3. of the statutes is amended to read:

9 71.25 (9) (dh) 3. ~~Except as provided in subd. 4. if~~ If the purchaser of a service
10 receives the benefit of a service in more than one state, the gross receipts from the
11 performance of the service are included in the numerator of the sales factor according
12 to the portion of the service received in this state.

History: 1987 a. 312; 1987 a. 411 ss. 57, 62, 117 to 123; 1989 a. 31; 1991 a. 39, 269; 1993 a. 112; 1997 a. 299; 1999 a. 9; 2001 a. 16; 2003 a. 37; 2005 a. 25; 2009 a. 2, 28, 276; 2015 a. 84, 216; 2017 a. 59.

Cross-reference: See also ss. Tax 2.39 and 2.395, Wis. adm. code.

13 **SECTION 14.** 71.25 (9) (dh) 4. of the statutes is repealed.

14 **SECTION 15.** 71.25 (9) (dj) 1. (intro.) of the statutes is renumbered 71.25 (9) (dj)
15 (intro.) and amended to read:

16 71.25 (9) (dj) (intro.) Except as provided in ~~subd. 2m. and~~ par. (df), gross
17 royalties and other gross receipts received for the use or license of intangible
18 property, including patents, copyrights, trademarks, trade names, service names,
19 franchises, licenses, plans, specifications, blueprints, processes, techniques,
20 formulas, designs, layouts, patterns, drawings, manuals, technical know-how,
21 contracts, and customer lists, are sales in this state if any of the following applies:

History: 1987 a. 312; 1987 a. 411 ss. 57, 62, 117 to 123; 1989 a. 31; 1991 a. 39, 269; 1993 a. 112; 1997 a. 299; 1999 a. 9; 2001 a. 16; 2003 a. 37; 2005 a. 25; 2009 a. 2, 28, 276; 2015 a. 84, 216; 2017 a. 59.

Cross-reference: See also ss. Tax 2.39 and 2.395, Wis. adm. code.

1 **SECTION 16.** 71.25 (9) (dj) 1. a. of the statutes is renumbered 71.25 (9) (dj) 1n.
2 and amended to read:

3 71.25 (9) (dj) 1n. The purchaser or licensee uses the intangible property in the
4 operation of a trade or business at a location in this state. ~~Except as provided in subd.~~
5 ~~2m., if~~ If the purchaser or licensee uses the intangible property in the operation of
6 a trade or business in more than one state, the gross royalties and other gross
7 receipts from the use of the intangible property shall be divided between those states
8 having jurisdiction to impose an income tax on the taxpayer in proportion to the use
9 of the intangible property in those states.

History: 1987 a. 312; 1987 a. 411 ss. 57, 62, 117 to 123; 1989 a. 31; 1991 a. 39, 269; 1993 a. 112; 1997 a. 299; 1999 a. 9; 2001 a. 16; 2003 a. 37; 2005 a. 25; 2009 a. 2, 28, 276; 2015 a. 84, 216; 2017 a. 59.

Cross-reference: See also ss. Tax 2.39 and 2.395, Wis. adm. code.

10 **SECTION 17.** 71.25 (9) (dj) 1. b. of the statutes is renumbered 71.25 (9) (dj) 2n.

11 **SECTION 18.** 71.25 (9) (dj) 1. c. of the statutes is renumbered 71.25 (9) (dj) 3n.

12 **SECTION 19.** 71.25 (9) (dj) 2m. of the statutes is repealed.

13 **SECTION 20.** 71.25 (9) (g) 1. of the statutes is repealed.

14

(END)



**2019-2020 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1173/P1ins
JK:...

Insert A

As a result, a broadcaster's gross royalties and other gross receipts received for the use or license of intangible property ^{care} is apportioned in the same manner as ~~that~~ those of other taxpayers. In general, such royalties and receipts are apportioned to this state if the purchaser or licensee uses the property at a location in this state, is billed for the purchase or license at a location in this state, or has its commercial domicile in this state.

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State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1173/P1
JK:ejjs

DOA:.....Quinn, BB0164 - Repeal 2017-19 broadcaster apportionment modifications

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a broadcaster's gross royalties and other gross receipts received for the use or license of intangible property are apportioned to this state for income and franchise tax purposes only if the commercial domicile of the purchaser or licensee is in this state and the purchaser or licensee has a direct connection or relationship with the broadcaster pursuant to a contract under which the royalties or receipts are derived. This bill eliminates that provision. As a result, a broadcaster's gross royalties and other gross receipts received for the use or license of intangible property are apportioned in the same manner as those of other taxpayers. In general, such royalties and receipts are apportioned to this state if the purchaser or licensee uses the property at a location in this state, is billed for the purchase or license at a location in this state, or has its commercial domicile in this state.

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 (1as) of the statutes is repealed.

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7 **SECTION 3.** 71.04 (7) (dh) 4. of the statutes is repealed.

8 **SECTION 4.** 71.04 (7) (dj) 1. (intro.) of the statutes is renumbered 71.04 (7) (dj)
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16 **SECTION 5.** 71.04 (7) (dj) 1. a. of the statutes is renumbered 71.04 (7) (dj) 1m.
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18 71.04 (7) (dj) 1m. The purchaser or licensee uses the intangible property in the
19 operation of a trade or business at a location in this state. ~~Except as provided in subd.~~
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21 trade or business in more than one state, the gross royalties and other gross receipts
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23 jurisdiction to impose an income tax on the taxpayer in proportion to the use of the
24 intangible property in those states.

25 **SECTION 6.** 71.04 (7) (dj) 1. b. of the statutes is renumbered 71.04 (7) (dj) 2m.

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2 **SECTION 8.** 71.04 (7) (dj) 2. of the statutes is repealed.

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5 **SECTION 17.** 71.25 (9) (dj) 2m. of the statutes is repealed.

6 **SECTION 18.** 71.25 (9) (g) of the statutes is repealed.

7 **(END)**