

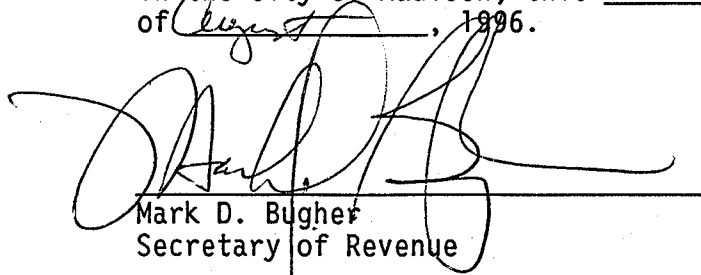
CERTIFICATE

STATE OF WISCONSIN)
) SS
DEPARTMENT OF REVENUE)

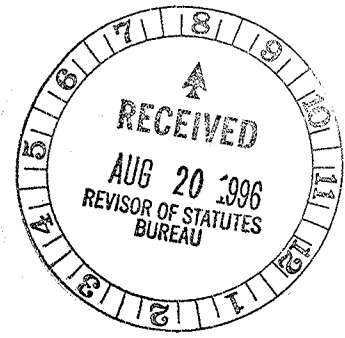
I, Mark D. Bugher, Secretary of the Department of Revenue and custodian of the official records, certify that the annexed rule, relating to apportionment of interstate motor carriers' income, was duly approved and adopted by this department on August 16, 1996.

I further certify that this copy has been compared by me with the original on file in this department and that it is a true copy of the original, and of the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at 125 South Webster Street in the city of Madison, this 16th day of August, 1996.


Mark D. Bugher
Secretary of Revenue

CKRUL/300



11-1-97

ORDER OF THE DEPARTMENT OF REVENUE
REPEALING AND RECREATING RULES

The Wisconsin Department of Revenue adopts an order to repeal and recreate Tax 2.47, relating to the apportionment of net business incomes of interstate motor carriers.

Analysis by the Department of Revenue

Statutory authority: s. 71.80(1)(c), Stats.

Statutes interpreted: ss. 71.04(8)(c) and 71.25(10)(c), Stats.

SECTION 1. Tax 2.47 is repealed and recreated to prescribe the method of apportioning the net business income of interstate motor carriers, as required by ss. 71.04(8)(c) and 71.25(10)(c), Stats. The rule extends the application of the current 2-factor apportionment formula for motor carriers of property to interstate bus companies since the definition of "public utility" in ss. 71.04(8)(b) and 71.25(10)(b) includes any business entity providing service to the public and engaged in the transportation of persons for hire. For computing ton miles with respect to the carriage of persons, the rule provides that each person will be equivalent to 200 pounds. This is consistent with s. Tax 2.46, relating to the apportionment of net business income of interstate air carriers, which assumes an average weight of 150 pounds per person and 50 pounds for luggage. The repeal and recreation of the rule first applies to taxable years beginning on or after January 1, 1997.

SECTION 1. Tax 2.47 is repealed and recreated to read:

Tax 2.47 APPORTIONMENT OF NET BUSINESS INCOMES OF INTERSTATE MOTOR CARRIERS. (ss. 71.04(8)(c) and 71.25(10)(c), Stats.) (1) DEFINITION. In this section, "ton mile" means the movement of one ton of persons or property, or both, the distance of one mile. For carriage of persons, each person shall be considered the equivalent of 200 pounds.

(2) GENERAL. For taxable years beginning on or after January 1, 1997, the apportionable income of an interstate motor carrier of persons or property, or both, doing business in Wisconsin, shall be apportioned to Wisconsin on the basis of the arithmetical average of the following 2 factors:

(a) The ratio of the gross receipts from carriage of persons or property, or both, first acquired for carriage in Wisconsin to the total gross receipts from carriage of persons or property, or both, everywhere.

(b) The ratio of ton miles of carriage in Wisconsin to ton miles of carriage everywhere.

(3) SUBSTITUTION OF FACTORS. Whenever gross receipts data is not available the department may authorize or direct substitution of a similar factor, such as gross tonnage, and whenever ton mile data is not available the department may similarly authorize substitution of a similar factor, such as revenue miles.

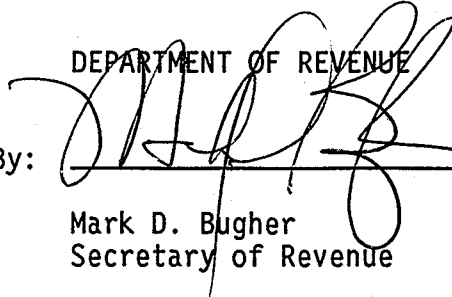
(4) MERCANTILE AND MANUFACTURING BUSINESSES. This section does not apply to any mercantile or manufacturing business which engages in some interstate carriage as an incident of the mercantile or manufacturing business.

The rule contained in this order shall take effect for taxable years beginning on or after January 1, 1997.

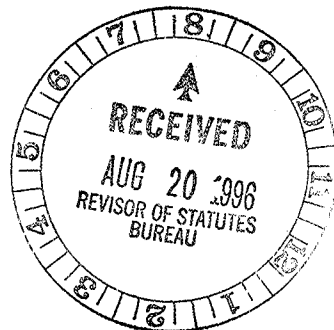
Final Regulatory Flexibility Analysis

This rule order does not have a significant economic impact on a substantial number of small businesses.

Dated: August 16, 1996

DEPARTMENT OF REVENUE
By: 
Mark D. Bugher
Secretary of Revenue

CKRUL/152



LRB or Bill No /Adm. Rule No.

TAX 2.47

Amendment No. if Applicable

**FISCAL ESTIMATE
DOA-2048 N(R10/94)**

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject

Apportionment Formula of Interstate Transport Companies

Fiscal Effect

See text of fiscal note

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:

- Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

Under current law, interstate bus companies apportion income to the state using the standard three-factor formula that most businesses use. Tax 2.47 is repealed and recreated to require interstate bus companies to apportion income to the state based on the two-factor formula currently applied to interstate motor carriers.

Under the rule, interstate bus companies will apportion income to the state based on the average of the ratio of gross receipts from the transport of customers in Wisconsin to these gross receipts everywhere, plus the ratio of ton miles of carriage in Wisconsin to these ton miles everywhere. "Ton mile" is defined in the rule to be the movement of one ton of persons or property, or both, the distance of one mile, with each person considered the equivalent of 200 pounds for carriage purposes.

Information from the 1994 tax filing season indicates that interstate bus companies have little or no net income subject to apportionment in the state. It is believed that the change in the tax rule could have a positive or negative fiscal effect on individual interstate bus companies subject to tax in the state, but these changes are likely to be minimal. Thus, the impact on state tax revenues from the rule change is estimated to be minimal, but it is uncertain whether it will be positive or negative.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

Wisconsin Department of Revenue

Joseph P. Malloy, (608) 266-7817

Authorized Signature/Telephone No.

Yeang-Eng Braun
(608) 266-2700

Yeang-Eng Braun

Date

4/2/96

FISCAL ESTIMATE WORKSHEET
 Detailed Estimate of Annual Fiscal Effect
 DOA-2047(R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No /Adm. Rule No	Amendment No
TAX 2.47	

Subject

Apportionment Formula of Interstate Transport Companies

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal Impact on State Funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$ see text	\$ - see text
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$ see text	\$ - see text

NET ANNUALIZED FISCAL IMPACT

	STATE	LOCAL
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ minimal	\$ _____

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Joseph P. Malloy, (608) 266-7817	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	Date 4/2/96
---	--	----------------



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718

Tommy G. Thompson
Governor

Mark D. Bugher
Secretary of Revenue

August 16, 1996

Gary L. Poulson
Deputy Revisor
131 West Wilson Street, Suite 800
Madison, WI 53703-3233

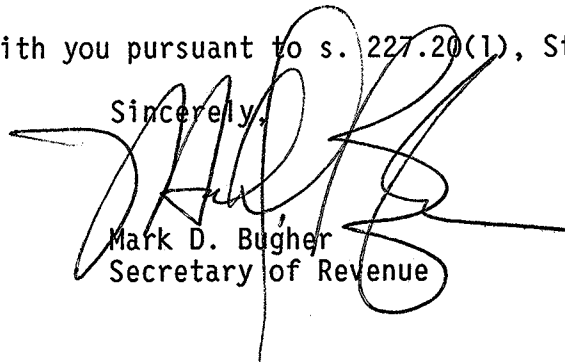
Re: Clearinghouse Rule 96-056

Dear Mr. Poulson:

Enclosed are a certified copy and an extra copy of an Order of the Department of Revenue promulgating rules relating to apportionment of interstate motor carriers' income.

These materials are filed with you pursuant to s. 227.20(1), Stats.

Sincerely,

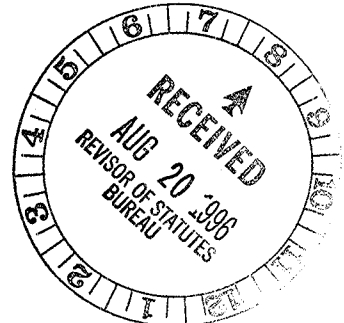


Mark D. Bugher
Secretary of Revenue

MDB:MPW:c11
CKRUL/297

Enclosure

cc: Douglas J. La Follette, Secretary of State
Commerce Clearing House, Inc.
Research Institute of America, Inc.





State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718

Tommy G. Thompson
Governor

Mark D. Bugher
Secretary of Revenue

August 16, 1996

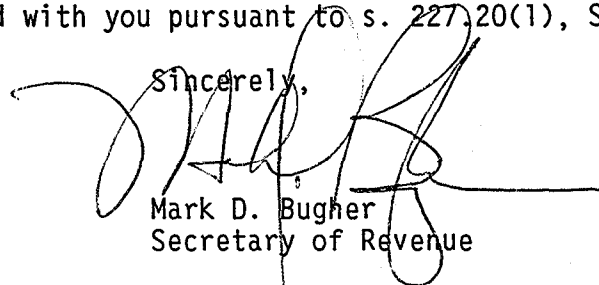
Douglas La Follette
Secretary of State
30 West Mifflin Street, 10th Floor
Madison, WI 53703

Dear Secretary La Follette:

Enclosed are a Certificate and an Order of the Department of Revenue adopting Clearinghouse Rule 96-056.

These materials are filed with you pursuant to s. 227.20(1), Stats.

Sincerely,



Mark D. Bugher
Secretary of Revenue

MDB:MPW:c11
CKRUL/296

Enclosure

cc: Deputy Revisor

