

State of Wisconsin



1995 Senate Bill 674

Date of enactment: **May 30, 1996**
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1995 WISCONSIN ACT 380

AN ACT *to repeal* 71.01 (6) (c), 71.22 (4) (c), 71.22 (4m) (a), 71.26 (2) (b) 3., 71.34 (1g) (c) and 71.42 (2) (b); *to amend* 71.01 (6) (i), 71.01 (6) (j), 71.01 (7r), 71.22 (4) (i), 71.22 (4) (j), 71.22 (4m) (g), 71.22 (4m) (h), 71.26 (2) (b) 9., 71.26 (2) (b) 10., 71.26 (3) (y), 71.34 (1g) (i), 71.34 (1g) (j), 71.365 (1m), 71.42 (2) (h), 71.42 (2) (i) and 71.45 (2) (a) 13.; and *to create* 71.01 (6) (k), 71.22 (4) (k), 71.22 (4m) (i), 71.26 (2) (b) 11., 71.34 (1g) (k) and 71.42 (2) (j) of the statutes; **relating to**: redefining the internal revenue code for the income tax and the franchise tax.

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

SECTION 1. 71.01 (6) (c) of the statutes is repealed.

SECTION 2. 71.01 (6) (i) of the statutes, as affected by 1995 Wisconsin Act 27, is amended to read:

71.01 (6) (i) For taxable years that begin after December 31, 1993, and before January 1, 1995, 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, 1993, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66 and as amended by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, 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, 13203 (d) and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7. 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, 1993, do not apply to this paragraph with respect to taxable years beginning after December 31, 1993, and before January 1, 1995, except that changes to the internal revenue code made by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 103-276, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 3. 71.01 (6) (j) of the statutes, as created by 1995 Wisconsin Act 27, is amended to read:

71.01 (6) (j) For taxable years that begin after December 31, 1994, and before January 1, 1996, 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, 1994, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as amended by P.L. 104-7 and P.L. 104-117 and as indirectly affected by P.L. 99-514, P.L. 100-203, P.L.

* Section 991.11, WISCONSIN STATUTES 1993-94: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

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 and 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 and P.L. 103-465 and "internal revenue code" means amendments to section 162 of the federal internal revenue code made by P.L. 104-7 and P.L. 104-117. 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, 1994, except amendments to section 162 of the federal internal revenue code made by P.L. 104-7, do not apply to this paragraph with respect to taxable years beginning after December 31, 1994, and before January 1, 1996, except that changes to the internal revenue code made by P.L. 104-7 and P.L. 104-117 and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 104-7 and P.L. 104-117 apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 4. 71.01 (6) (k) of the statutes is created to read:

71.01 (6) (k) For taxable years that begin after December 31, 1995, 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, 1995, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as amended by P.L. 104-117, 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 and P.L. 104-117. 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, 1995, do not apply to this paragraph with respect to taxable years beginning after December 31, 1995, except that changes to the internal revenue code made by P.L. 104-117 and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 104-117 apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 5. 71.01 (7r) of the statutes, as affected by 1995 Wisconsin Act 27, is amended to read:

71.01 (7r) Notwithstanding sub. (6), for purposes of computing amortization or depreciation, "internal revenue code" means either the federal internal revenue code as amended to December 31, 1994 1995, or the federal

internal revenue code in effect for the taxable year for which the return is filed, 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.

SECTION 6. 71.22 (4) (c) of the statutes is repealed.

SECTION 7. 71.22 (4) (i) of the statutes, as affected by 1995 Wisconsin Act 27, is amended to read:

71.22 (4) (i) 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, 1993, and before January 1, 1995, means the federal internal revenue code as amended to December 31, 1993, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and as amended by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, 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, 13203 (d) and 13215 of P.L. 103-66 and P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7. 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, 1993, do not apply to this paragraph with respect to taxable years beginning after December 31, 1993, and before January 1, 1995, except that changes to the internal revenue code made by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 8. 71.22 (4) (j) of the statutes, as created by 1995 Wisconsin Act 27, is amended to read:

71.22 (4) (j) 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, 1994, and before January 1, 1996, means the federal internal revenue code as amended to December 31, 1994, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as amended by P.L. 104-7 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 and P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7. 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, 1994, do not apply to this paragraph with respect to taxable years beginning after December 31, 1994, and before January 1, 1996, except that changes to the internal revenue code made by P.L. 104-7 and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 104-7 apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 9. 71.22 (4) (k) of the statutes is created to read:

71.22 (4) (k) 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, 1995, means the federal internal revenue code as amended to December 31, 1995, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, 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 and P.L. 104-7. 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, 1995, do not apply to this paragraph with respect to taxable years beginning after December 31, 1995.

SECTION 10. 71.22 (4m) (a) of the statutes is repealed.

SECTION 11. 71.22 (4m) (g) of the statutes, as affected by 1995 Wisconsin Act 27, is amended to read:

71.22 (4m) (g) For taxable years that begin after December 31, 1993, and before January 1, 1995, “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, 1993, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d),

13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and as amended by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, 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, 13203 (d) and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7. 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, 1993, do not apply to this paragraph with respect to taxable years beginning after December 31, 1993, and before January 1, 1995, except that changes to the internal revenue code made by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 12. 71.22 (4m) (h) of the statutes, as created by 1995 Wisconsin Act 27, is amended to read:

71.22 (4m) (h) For taxable years that begin after December 31, 1994, and before January 1, 1996, “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, 1994, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as amended by P.L. 104-7 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 and P.L. 103-465 and P.L. 104-7. 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, 1994, do not apply to this paragraph with respect to taxable years beginning after December 31, 1994, and before January 1, 1996, except that changes to the internal revenue code made by P.L. 104-7, and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 104-7 apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 13. 71.22 (4m) (i) of the statutes is created to read:

71.22 (4m) (i) For taxable years that begin after December 31, 1995, "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, 1995, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, 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 and P.L. 104-7. 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, 1995, do not apply to this paragraph with respect to taxable years beginning after December 31, 1995.

SECTION 14. 71.26 (2) (b) 3. of the statutes is repealed.

SECTION 15. 71.26 (2) (b) 9. of the statutes, as affected by 1995 Wisconsin Act 27, is amended to read:

71.26 (2) (b) 9. For taxable years that begin after December 31, 1993, and before January 1, 1995, for a corporation, conduit or common law trust which qualifies as a regulated investment company, real estate mortgage investment conduit or real estate investment trust under the internal revenue code as amended to December 31, 1993, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and as amended by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7 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, 13203 (d) and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, "net income" means the federal regulated investment company taxable income, federal real estate mortgage investment conduit taxable income or federal real estate investment trust taxable income of the corporation, conduit or trust as determined under the internal revenue code as amended to December 31, 1993, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and as amended by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, 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, P.L. 103-296, P.L. 103-337 and P.L. 103-465 excluding sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and P.L. 104-7, excluding section 1 of P.L. 104-7, except that property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be depreciated for taxable years 1983 to 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, and except that the appropriate amount shall be added or subtracted to reflect differences between the depreciation or adjusted basis for federal income tax purposes and the depreciation or adjusted basis under this chapter of any property disposed of during the taxable year. The internal revenue code as amended to December 31, 1993, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and as amended by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, 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, 13203 (d) and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the internal revenue code enacted after December 31, 1993, do not apply to this subdivision with respect to taxable years that begin after December 31, 1993, and before January 1, 1995, except that changes to the internal revenue code made by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 16. 71.26 (2) (b) 10. of the statutes, as created by 1995 Wisconsin Act 27, is amended to read:

71.26 (2) (b) 10. For taxable years that begin after December 31, 1994, and before January 1, 1996, for a corporation, conduit or common law trust which qualifies as a regulated investment company, real estate mortgage investment conduit or real estate investment trust under the internal revenue code as amended to December 31, 1994, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as amended by

P.L. 104-7 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 and 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 and P.L. 103-465 and P.L. 104-7 “net income” means the federal regulated investment company taxable income, federal real estate mortgage investment conduit taxable income or federal real estate investment trust taxable income of the corporation, conduit or trust as determined under the internal revenue code as amended to December 31, 1994, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, and as amended by P.L. 104-7 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, P.L. 103-296, P.L. 103-337 and P.L. 103-465 excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and P.L. 104-7 except that property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be depreciated for taxable years 1983 to 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, and except that the appropriate amount shall be added or subtracted to reflect differences between the depreciation or adjusted basis for federal income tax purposes and the depreciation or adjusted basis under this chapter of any property disposed of during the taxable year. The internal revenue code as amended to December 31, 1994, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, and as amended by P.L. 104-7 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 and P.L. 103-465 and P.L. 104-7 applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the internal revenue code enacted after December 31, 1994, do not apply to this subdivision with respect to taxable years that begin after December 31, 1994, and before January 1, 1996, except that changes made by P.L. 104-7 and changes that indirectly affect the provisions applicable to this subchapter made

by P.L. 104-7 apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 17. 71.26 (2) (b) 11. of the statutes is created to read:

71.26 (2) (b) 11. For taxable years that begin after December 31, 1995, for a corporation, conduit or common law trust which qualifies as a regulated investment company, real estate mortgage investment conduit or real estate investment trust under the internal revenue code as amended to December 31, 1995, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, 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 and P.L. 104-7 “net income” means the federal regulated investment company taxable income, federal real estate mortgage investment conduit taxable income or federal real estate investment trust taxable income of the corporation, conduit or trust as determined under the internal revenue code as amended to December 31, 1995, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, 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, P.L. 103-296, P.L. 103-337, P.L. 103-465 and P.L. 104-7 excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, except that property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be depreciated for taxable years 1983 to 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, and except that the appropriate amount shall be added or subtracted to reflect differences between the depreciation or adjusted basis for federal income tax purposes and the depreciation or adjusted basis under this chapter of any property disposed of during the taxable year. The internal revenue code as amended to December 31, 1995, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, 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, P.L. 103-296, P.L. 103-337, P.L. 103-465 and P.L. 104-7 excluding sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, 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 and P.L. 104-7 applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the internal revenue code enacted after December 31, 1995, do not apply to this subdivision with respect to taxable years that begin after December 31, 1995.

SECTION 18. 71.26 (3) (y) of the statutes, as affected by 1995 Wisconsin Act 27, is amended to read:

71.26 (3) (y) A corporation may compute amortization and depreciation under either the federal internal revenue code as amended to December 31, ~~1994~~ 1995, or the federal internal revenue code in effect for the taxable year for which the return is filed, except that property first placed in service by the taxpayer on or after January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required to be depreciated under the internal revenue code as amended to December 31, 1980, and property first placed in service in taxable year 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is required to be depreciated 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.

SECTION 19. 71.34 (1g) (c) of the statutes is repealed.

SECTION 20. 71.34 (1g) (i) of the statutes, as affected by 1995 Wisconsin Act 27, is amended to read:

71.34 (1g) (i) "Internal revenue code" for tax-option corporations, for taxable years that begin after December 31, 1993, and before January 1, 1995, means the federal internal revenue code as amended to December 31, 1993, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and as amended by P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 ~~and~~ P.L. 104-7 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, 13203 (d) and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 ~~and~~ P.L. 104-7 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, 1993, do not apply to this paragraph with respect to taxable years beginning af-

ter December 31, 1993, and before January 1, 1995, except that changes to the internal revenue code made by P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 ~~and~~ P.L. 104-7, excluding section 1 of P.L. 104-7, and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 103-296, P.L. 103-337 ~~and~~, P.L. 103-465 ~~and~~ P.L. 104-7, excluding section 1 of P.L. 104-7, apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 21. 71.34 (1g) (j) of the statutes, as created by 1995 Wisconsin Act 27, is amended to read:

71.34 (1g) (j) "Internal revenue code" for tax-option corporations, for taxable years that begin after December 31, 1994, ~~and before January 1, 1996,~~ means the federal internal revenue code as amended to December 31, 1994, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, ~~and as amended by P.L. 104-7~~ 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 ~~and~~, P.L. 103-465, ~~and~~ P.L. 104-7 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, 1994, do not apply to this paragraph with respect to taxable years beginning after December 31, 1994, ~~and before January 1, 1996, except changes to the internal revenue code made by P.L. 104-7 and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 104-7 apply for Wisconsin purposes at the same time as for federal purposes.~~

SECTION 22. 71.34 (1g) (k) of the statutes is created to read:

71.34 (1g) (k) "Internal revenue code" for tax-option corporations, for taxable years that begin after December 31, 1995, means the federal internal revenue code as amended to December 31, 1995, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, 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 and P.L. 104-7, 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, 1995, do not apply to this paragraph with respect to taxable years beginning after December 31, 1995.

SECTION 23. 71.365 (1m) of the statutes, as affected by 1995 Wisconsin Act 27, is amended to read:

71.365 (1m) TAX-OPTION CORPORATIONS; DEPRECIATION. A tax-option corporation may compute amortization and depreciation under either the federal internal revenue code as amended to December 31, 1994 1995, or the federal internal revenue code in effect for the taxable year for which the return is filed, except that property first placed in service by the taxpayer on or after January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required to be depreciated under the internal revenue code as amended to December 31, 1980, and property first placed in service in taxable year 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is required to be depreciated 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. Any difference between the adjusted basis for federal income tax purposes and the adjusted basis under this chapter shall be taken into account in determining net income or loss in the year or years for which the gain or loss is reportable under this chapter. If that property was placed in service by the taxpayer during taxable year 1986 and thereafter but before the property is used in the production of income subject to taxation under this chapter, the property's adjusted basis and the depreciation or other deduction schedule are not required to be changed from the amount allowable on the owner's federal income tax returns for any year because the property is used in the production of income subject to taxation under this chapter. If that property was acquired in a transaction in taxable year 1986 or thereafter in which the adjusted basis of the property in the hands of the transferee is the same as the adjusted basis of the property in the hands of the transferor, the Wisconsin adjusted basis of that property on the date of transfer is the adjusted basis allowable under the internal revenue code as defined for Wisconsin purposes for the property in the hands of the transferor.

SECTION 24. 71.42 (2) (b) of the statutes is repealed.

SECTION 25. 71.42 (2) (h) of the statutes, as affected by 1995 Wisconsin Act 27, is amended to read:

71.42 (2) (h) For taxable years that begin after December 31, 1993, and before January 1, 1995, "internal revenue code" means the federal internal revenue code as amended to December 31, 1993 excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, and as amended by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, 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. 101-508, P.L. 102-227, excluding sections 103, 104 and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486 and P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, 13203 (d) and 13215 of P.L. 103-66, P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, except that "internal revenue code" does not include section 847 of the federal internal revenue code. 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, 1993, do not apply to this paragraph with respect to taxable years beginning after December 31, 1993, and before January 1, 1995, except that changes to the internal revenue code made by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 103-296, P.L. 103-337 and P.L. 103-465 and P.L. 104-7, excluding section 1 of P.L. 104-7, apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 26. 71.42 (2) (i) of the statutes, as created by 1995 Wisconsin Act 27, is amended to read:

71.42 (2) (i) For taxable years that begin after December 31, 1994, and before January 1, 1996, "internal revenue code" means the federal internal revenue code as amended to December 31, 1994, excluding sections 103, 104 and 110 of P.L. 102-227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103-66, and as amended by P.L. 104-7 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. 101-508, 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 and P.L. 103-465 and P.L. 104-7, except that "internal revenue code" does not include section 847 of the federal internal revenue code. 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, 1994, do not apply to this paragraph with respect to taxable years beginning after December 31, 1994, and before January 1, 1996, except that changes to the internal revenue

code made by P.L. 104–7 and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 104–7 apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 27. 71.42 (2) (j) of the statutes is created to read:

71.42 (2) (j) For taxable years that begin after December 31, 1995, “internal revenue code” means the federal internal revenue code as amended to December 31, 1995, excluding sections 103, 104 and 110 of P.L. 102–227 and sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103–66, 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. 101–508, 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 and P.L. 104–7 except that “internal revenue code” does not include section 847 of the federal internal revenue code. 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, 1995, do not apply to this paragraph with respect to taxable years beginning after December 31, 1995.

SECTION 28. 71.45 (2) (a) 13. of the statutes, as affected by 1995 Wisconsin Act 27, is amended to read:

71.45 (2) (a) 13. By adding or subtracting, as appropriate, the difference between the depreciation deduction under the federal internal revenue code as amended to December 31, ~~1994~~ 1995, and the depreciation deduction under the federal internal revenue code in effect for the taxable year for which the return is filed, so as to reflect the fact that the insurer may choose between these 2 deductions, except that property first placed in service by the taxpayer on or after January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required to be depreciated under the internal revenue code as amended to December 31, 1980, and property first placed in service in taxable year 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is required to be depreciated 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.

SECTION 29. Initial applicability.

(1) The treatment of sections 71.01 (7r), 71.26 (3) (y), 71.365 (1m) and 71.45 (2) (a) 13. of the statutes first applies to taxable years beginning on January 1, 1996.