



State of Wisconsin
1997 - 1998 LEGISLATURE
April 1998 Special Session

LRBa2755/1
JS:kmg:lp

**ASSEMBLY AMENDMENT 2,
TO ASSEMBLY BILL 5**

May 14, 1998 - Offered by Representatives ZIEGELBAUER and PLALE.

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 2, line 7: delete the material beginning with that line and ending with
3 page 3, line 3, and substitute:

4 **"SECTION 2m.** 71.25 (6) of the statutes is amended to read:

5 71.25 (6) ALLOCATION AND SEPARATE ACCOUNTING AND APPORTIONMENT FORMULA.
6 Corporations engaged in business within and without the state shall be taxed only
7 on such income as is derived from business transacted and property located within
8 the state. The amount of such income attributable to Wisconsin may be determined
9 by an allocation and separate accounting thereof, when the business of such
10 corporation within the state is not an integral part of a unitary business, but the
11 department of revenue may permit an allocation and separate accounting in any case
12 in which it is satisfied that the use of such method will properly reflect the income
13 taxable by this state. In all cases in which allocation and separate accounting is not

1 permissible, the determination shall be made in the following manner: for all
2 businesses except financial organizations, public utilities, railroads, sleeping car
3 companies, car line companies and corporations or associations that are subject to
4 a tax on unrelated business income under s. 71.26 (1) (a) there shall first be deducted
5 from the total net income of the taxpayer the part thereof (less related expenses, if
6 any) that follows the situs of the property or the residence of the recipient. The
7 remaining net income shall be apportioned to Wisconsin by use of an apportionment
8 fraction composed of a the sales factor under sub. (9) ~~representing 50% of the fraction,~~
9 ~~a property factor under sub. (7) representing 25% of the fraction and a payroll factor~~
10 ~~under sub. (8) representing 25% of the fraction.~~

11 **SECTION 2p.** 71.25 (7) and (8) of the statutes are repealed.

12 **SECTION 2t.** 71.25 (9) (d) of the statutes is amended to read:

13 71.25 (9) (d) Sales, other than sales of tangible personal property, are in this
14 state if the income-producing activity is performed in this state. If the
15 income-producing activity is performed both in and outside this state the sales shall
16 be divided between those states having jurisdiction to tax such business in
17 proportion to the direct costs of performance incurred in each such state in rendering
18 this service. Services performed in states which do not have jurisdiction to tax the
19 business shall be deemed to have been performed in the state to which compensation
20 is would be allocated by sub. (8), 1995 stats.”.

21 **2.** Page 4, line 1: delete “(12)” and substitute “(6), (7), (8) and (9) (d)”.

22 (END)