



State of Wisconsin
2017 - 2018 LEGISLATURE

LRBs0325/1
MES/JK/KRP:klm&wlj

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 910**

February 20, 2018 - Offered by Representative KOOYENGA.

1 **AN ACT** *to amend* 71.01 (6) (k) 1., 71.01 (6) (k) 3., 71.05 (6) (b) 28. (intro.), 71.05
2 (6) (b) 49. a., 71.05 (6) (b) 49. b., 71.05 (10) (i) 1., 71.05 (23) (b) 2., 71.06 (1q)
3 (intro.), 71.06 (2) (i) (intro.), 71.06 (2) (j) (intro.), 71.06 (2e) (a), 71.06 (2e) (b),
4 71.06 (2m), 71.06 (2s) (d), 71.08 (1) (d), 71.125 (1), 71.125 (2), 71.17 (6), 71.22
5 (4) (k) 1., 71.22 (4) (k) 3., 71.22 (4m) (k) 1., 71.22 (4m) (k) 3., 71.26 (2) (b) 11. a.,
6 71.26 (2) (b) 11. d., 71.26 (3) (j), 71.34 (1g) (k) 1., 71.34 (1g) (k) 3., 71.42 (2) (k)
7 1., 71.42 (2) (k) 3., 71.64 (9) (b) (intro.), 71.67 (5) (a), 71.67 (5m), 71.98 (3), 77.54
8 (9m) and 224.50 (2) (a); and *to create* 71.01 (6) (L), 71.05 (6) (b) 49. k., 71.06 (1r),
9 71.06 (2) (k), 71.06 (2) (L), 71.06 (2e) (bg), 71.22 (4) (L), 71.22 (4m) (L), 71.26 (2)
10 (b) 12., 71.34 (1g) (L), 71.42 (2) (L), 71.98 (9) and 77.54 (9a) (fc) of the statutes;
11 **relating to:** updating Internal Revenue Code references for state tax purposes,
12 clarifying the duties of the College Savings Program Board, decreasing
13 individual income tax rates, a sales and use tax exemption for title holding

1 entities for certain tax-exempt charitable organizations, and computing
2 depletion for income and franchise tax purposes.

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

3 **SECTION 1.** 71.01 (6) (k) 1. of the statutes, as created by 2017 Wisconsin Act 59,
4 is amended to read:

5 71.01 (6) (k) 1. For taxable years beginning after December 31, 2016, and before
6 January 1, 2018, for individuals and fiduciaries, except fiduciaries of nuclear
7 decommissioning trust or reserve funds, “Internal Revenue Code” means the federal
8 Internal Revenue Code as amended to December 31, 2016, except as provided in
9 subds. 2. and 3. and s. 71.98 and subject to subd. 4.

10 **SECTION 2.** 71.01 (6) (k) 3. of the statutes, as created by 2017 Wisconsin Act 59,
11 is amended to read:

12 71.01 (6) (k) 3. For purposes of this paragraph, “Internal Revenue Code” does
13 not include amendments to the federal Internal Revenue Code enacted after
14 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
15 11025, and 13543 of P.L. 115-97.

16 **SECTION 3.** 71.01 (6) (L) of the statutes is created to read:

17 71.01 (6) (L) 1. For taxable years beginning after December 31, 2017, for
18 individuals and fiduciaries, except fiduciaries of nuclear decommissioning trust or
19 reserve funds, “Internal Revenue Code” means the federal Internal Revenue Code
20 as amended to December 31, 2017, except as provided in subds. 2. and 3. and s. 71.98
21 and subject to subd. 4.

22 2. For purposes of this paragraph, “Internal Revenue Code” does not include
23 the following provisions of federal public laws for taxable years beginning after

1 December 31, 2017: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
2 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
3 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
4 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
5 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
6 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
7 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
8 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
9 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
10 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
11 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
12 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to
13 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; and sections 11011,
14 13201 (a) to (e) and (g), 13206, 13301, 13801, 14101, 14102, 14103, 14201, 14202,
15 14211, 14212, 14213, 14214, 14215, 14221, 14222, 14301, 14302, 14304, and 14401
16 of P.L. 115-97.

17 3. For purposes of this paragraph, “Internal Revenue Code” does not include
18 amendments to the federal Internal Revenue Code enacted after December 31, 2017.

19 4. For purposes of this paragraph, the provisions of federal public laws that
20 directly or indirectly affect the Internal Revenue Code, as defined in this paragraph,
21 apply for Wisconsin purposes at the same time as for federal purposes.

22 **SECTION 4.** 71.05 (6) (b) 28. (intro.) of the statutes, as affected by 2017
23 Wisconsin Act 59, is amended to read:

24 71.05 (6) (b) 28. (intro.) An amount paid by a claimant for tuition expenses and
25 mandatory student fees for a student who is the claimant or who is the claimant’s

1 child and the claimant's dependent ~~who is claimed under section 151 (e), as defined~~
2 under section 152 of the Internal Revenue Code, to attend any university, college,
3 technical college or a school approved under s. 440.52, that is located in Wisconsin
4 or to attend a public vocational school or public institution of higher education in
5 Minnesota under the Minnesota-Wisconsin reciprocity agreement under s. 39.47,
6 calculated as follows:

7 **SECTION 5.** 71.05 (6) (b) 49. a. of the statutes is amended to read:

8 71.05 (6) (b) 49. a. Subject to the definitions provided in subd. 49. b. to g. and
9 the limitations specified in subd. 49. h. to j. for taxable years beginning after
10 December 31, 2013, and subject to the limitation in subd. 49. k. for taxable years
11 beginning after December 31, 2017, tuition expenses that are paid by a claimant for
12 tuition for a pupil to attend an eligible institution.

13 **SECTION 6.** 71.05 (6) (b) 49. b. of the statutes is amended to read:

14 71.05 (6) (b) 49. b. In this subdivision, "claimant" means an individual who
15 claims a pupil as a dependent ~~under section 151 (e), as defined under section 152~~ of
16 the Internal Revenue Code, on his or her tax return.

17 **SECTION 7.** 71.05 (6) (b) 49. k. of the statutes is created to read:

18 71.05 (6) (b) 49. k. For taxable years beginning after December 31, 2017, no
19 modification may be claimed under this subdivision for an amount paid for tuition
20 expenses, as described under this subdivision, if the source of the payment is an
21 amount withdrawn from a college savings account, as described in s. 224.50.

22 **SECTION 8.** 71.05 (10) (i) 1. of the statutes is amended to read:

23 71.05 (10) (i) 1. Subject to the conditions in this paragraph, an individual may
24 subtract up to \$10,000 from federal adjusted gross income if he or she, or his or her
25 dependent ~~who is claimed under section 151 (e), as defined under section 152~~ of the

1 Internal Revenue Code, while living, donates one or more of his or her human organs
2 to another human being for human organ transplantation, as defined in s. 146.345
3 (1), except that in this paragraph, “human organ” means all or part of a liver,
4 pancreas, kidney, intestine, lung, or bone marrow. A subtract modification that is
5 claimed under this paragraph may be claimed in the taxable year in which the
6 human organ transplantation occurs.

7 **SECTION 9.** 71.05 (23) (b) 2. of the statutes is amended to read:

8 71.05 **(23)** (b) 2. An exemption of \$700 for each ~~individual for whom the~~
9 ~~taxpayer is entitled to an exemption for the taxable year under section 151 (e)~~
10 dependent, as defined under section 152 of the Internal Revenue Code, of the
11 taxpayer.

12 **SECTION 10.** 71.06 (1q) (intro.) of the statutes is amended to read:

13 71.06 **(1q)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; ~~AFTER~~
14 ~~2012~~ TO 2017. (intro.) The tax to be assessed, levied, and collected upon the taxable
15 incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or
16 reserve funds, and single individuals and heads of households shall be computed at
17 the following rates for taxable years beginning after December 31, 2012, and before
18 January 1, 2018:

19 **SECTION 11.** 71.06 (1r) of the statutes is created to read:

20 71.06 **(1r)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; ~~AFTER~~
21 ~~2017.~~ The tax to be assessed, levied, and collected upon the taxable incomes of all
22 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and
23 single individuals and heads of households shall be computed at the following rates
24 for taxable years beginning after December 31, 2017:

25 (a) On all taxable income from \$0 to \$7,500, 3.9 percent.

1 (b) On all taxable income exceeding \$7,500 but not exceeding \$18,750, 5.74
2 percent.

3 (c) On all taxable income exceeding \$18,750 but not exceeding \$225,000, 6.27
4 percent.

5 (d) On all taxable income exceeding \$225,000, 7.65 percent.

6 **SECTION 12.** 71.06 (2) (i) (intro.) of the statutes is amended to read:

7 71.06 (2) (i) (intro.) For joint returns, for taxable years beginning after
8 December 31, 2012, and before January 1, 2018:

9 **SECTION 13.** 71.06 (2) (j) (intro.) of the statutes is amended to read:

10 71.06 (2) (j) (intro.) For married persons filing separately, for taxable years
11 beginning after December 31, 2012, and before January 1, 2018:

12 **SECTION 14.** 71.06 (2) (k) of the statutes is created to read:

13 71.06 (2) (k) For joint returns, for taxable years beginning after
14 December 31, 2017:

15 1. On all taxable income from \$0 to \$10,000, 3.9 percent.

16 2. On all taxable income exceeding \$10,000 but not exceeding \$25,000, 5.74
17 percent.

18 3. On all taxable income exceeding \$25,000 but not exceeding \$300,000, 6.27
19 percent.

20 4. On all taxable income exceeding \$300,000, 7.65 percent.

21 **SECTION 15.** 71.06 (2) (L) of the statutes is created to read:

22 71.06 (2) (L) For married persons filing separately, for taxable years beginning
23 after December 31, 2017:

24 1. On all taxable income from \$0 to \$5,000, 3.9 percent.

1 2. On all taxable income exceeding \$5,000 but not exceeding \$12,500, 5.74
2 percent.

3 3. On all taxable income exceeding \$12,500 but not exceeding \$150,000, 6.27
4 percent.

5 4. On all taxable income exceeding \$150,000, 7.65 percent.

6 **SECTION 16.** 71.06 (2e) (a) of the statutes is amended to read:

7 71.06 **(2e)** (a) For taxable years beginning after December 31, 1998, and before
8 January 1, 2000, the maximum dollar amount in each tax bracket, and the
9 corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2)
10 (c) and (d), and for taxable years beginning after December 31, 1999, and before
11 January 1, 2018, the maximum dollar amount in each tax bracket, and the
12 corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p) (a)
13 to (c), (1q) (a) and (b), and (2) (e), (f), (g) 1. to 3., (h) 1. to 3., (i) 1. and 2., and (j) 1. and
14 2., shall be increased each year by a percentage equal to the percentage change
15 between the U.S. consumer price index for all urban consumers, U.S. city average,
16 for the month of August of the previous year and the U.S. consumer price index for
17 all urban consumers, U.S. city average, for the month of August 1997, as determined
18 by the federal department of labor, except that for taxable years beginning after
19 December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket
20 under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a
21 percentage equal to the percentage change between the U.S. consumer price index
22 for all urban consumers, U.S. city average, for the month of August of the previous
23 year and the U.S. consumer price index for all urban consumers, U.S. city average,
24 for the month of August 1999, as determined by the federal department of labor,
25 except that for taxable years beginning after December 31, 2011, the adjustment may

1 occur only if the resulting amount is greater than the corresponding amount that was
2 calculated for the previous year.

3 **SECTION 17.** 71.06 (2e) (b) of the statutes is amended to read:

4 71.06 **(2e)** (b) For taxable years beginning after December 31, 2009, and before
5 January 1, 2018, the maximum dollar amount in each tax bracket, and the
6 corresponding minimum dollar amount in the next bracket, under subs. (1p) (d), (1q)
7 (c), and (2) (g) 4., (h) 4., (i) 3., and (j) 3., and the dollar amount in the top bracket under
8 subs. (1p) (e), (1q) (d), and (2) (g) 5., (h) 5., (i) 4., and (j) 4., shall be increased each year
9 by a percentage equal to the percentage change between the U.S. consumer price
10 index for all urban consumers, U.S. city average, for the month of August of the
11 previous year and the U.S. consumer price index for all urban consumers, U.S. city
12 average, for the month of August 2008, as determined by the federal department of
13 labor, except that for taxable years beginning after December 31, 2011, the
14 adjustment may occur only if the resulting amount is greater than the corresponding
15 amount that was calculated for the previous year.

16 **SECTION 18.** 71.06 (2e) (bg) of the statutes is created to read:

17 71.06 **(2e)** (bg) For taxable years beginning after December 31, 2017, the
18 maximum dollar amount in each tax bracket, and the corresponding minimum dollar
19 amount in the next bracket, under subs. (1r) and (2) (k) and (L) shall be increased
20 each year by a percentage equal to the percentage change between the U.S. consumer
21 price index for all urban consumers, U.S. city average, for the month of August of the
22 previous year and the U.S. consumer price index for all urban consumers, U.S. city
23 average, for the month of August 1997, as determined by the federal department of
24 labor, except that for taxable years beginning after December 31, 2018, the

1 adjustment may occur only if the resulting amount is greater than the corresponding
2 amount that was calculated for the previous year.

3 **SECTION 19.** 71.06 (2m) of the statutes is amended to read:

4 71.06 **(2m)** RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p), (1q), (1r),
5 or (2) changes during a taxable year, the taxpayer shall compute the tax for that
6 taxable year by the methods applicable to the federal income tax under section 15 of
7 the Internal Revenue Code.

8 **SECTION 20.** 71.06 (2s) (d) of the statutes is amended to read:

9 71.06 **(2s)** (d) For taxable years beginning after December 31, 2000, with
10 respect to nonresident individuals, including individuals changing their domicile
11 into or from this state, the tax brackets under subs. (1p), (1q), (1r), and (2) (g), (h),
12 (i), ~~and (j), (k), and (L)~~ shall be multiplied by a fraction, the numerator of which is
13 Wisconsin adjusted gross income and the denominator of which is federal adjusted
14 gross income. In this paragraph, for married persons filing separately “adjusted
15 gross income” means the separate adjusted gross income of each spouse, and for
16 married persons filing jointly “adjusted gross income” means the total adjusted gross
17 income of both spouses. If an individual and that individual’s spouse are not both
18 domiciled in this state during the entire taxable year, the tax brackets under subs.
19 (1p), (1q), (1r), and (2) (g), (h), (i), ~~and (j), (k), and (L)~~ on a joint return shall be
20 multiplied by a fraction, the numerator of which is their joint Wisconsin adjusted
21 gross income and the denominator of which is their joint federal adjusted gross
22 income.

23 **SECTION 21.** 71.08 (1) (d) of the statutes is amended to read:

24 71.08 **(1)** (d) Subtract from the amount under par. (c) the appropriate amount
25 under section 55 (d) ~~(1), (3), and (4)~~ of the federal Internal Revenue Code in effect for

1 the taxable year; except that surviving spouses shall be treated as single individuals;
2 except that the amount under par. (c), not the federal alternative minimum taxable
3 income, shall be used in calculating the phase-out and except that for nonresidents
4 and part-year residents the amount under section 55 (d) ~~(1), (3), and (4)~~ of the federal
5 Internal Revenue Code in effect for the taxable year shall be prorated on the basis
6 of the ratio of Wisconsin adjusted gross income to federal adjusted gross income.

7 **SECTION 22.** 71.125 (1) of the statutes is amended to read:

8 71.125 (1) Except as provided in sub. (2), the tax imposed by this chapter on
9 individuals and the rates under s. 71.06 (1), (1m), (1n), (1p), (1q), (1r), and (2) shall
10 apply to the Wisconsin taxable income of estates or trusts, except nuclear
11 decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

12 **SECTION 23.** 71.125 (2) of the statutes is amended to read:

13 71.125 (2) Each electing small business trust, as defined in section 1361 (e) (1)
14 of the Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1),
15 (1m), (1n), (1p), ~~or (1q)~~, or (1r), whichever taxable year is applicable, on its income
16 as computed under section 641 of the Internal Revenue Code, as modified by s. 71.05
17 (6) to (12), (19) and (20).

18 **SECTION 24.** 71.17 (6) of the statutes is amended to read:

19 71.17 (6) FUNERAL TRUSTS. If a qualified funeral trust makes the election under
20 section 685 of the Internal Revenue Code for federal income tax purposes, that
21 election applies for purposes of this chapter and each trust shall compute its own tax
22 and shall apply the rates under s. 71.06 (1), (1m), (1n), (1p), ~~or (1q)~~, or (1r).

23 **SECTION 25.** 71.22 (4) (k) 1. of the statutes, as created by 2017 Wisconsin Act
24 59, is amended to read:

1 71.22 (4) (k) 1. For taxable years beginning after December 31, 2016, and before
2 January 1, 2018, “Internal Revenue Code” means the federal Internal Revenue Code
3 as amended to December 31, 2016, except as provided in subds. 2. and 3. and subject
4 to subd. 4., and except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34 (1g),
5 71.42 (2), and 71.98.

6 **SECTION 26.** 71.22 (4) (k) 3. of the statutes, as created by 2017 Wisconsin Act
7 59, is amended to read:

8 71.22 (4) (k) 3. For purposes of this paragraph, “Internal Revenue Code” does
9 not include amendments to the federal Internal Revenue Code enacted after
10 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
11 11025, and 13543 of P.L. 115-97.

12 **SECTION 27.** 71.22 (4) (L) of the statutes is created to read:

13 71.22 (4) (L) 1. For taxable years beginning after December 31, 2017, “Internal
14 Revenue Code” means the federal Internal Revenue Code as amended to December
15 31, 2017, except as provided in subds. 2. and 3. and subject to subd. 4., and except
16 as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34 (1g), 71.42 (2), and 71.98.

17 2. For purposes of this paragraph, “Internal Revenue Code” does not include
18 the following provisions of federal public laws for taxable years beginning after
19 December 31, 2017: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
20 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
21 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
22 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
23 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
24 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
25 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,

1 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
2 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
3 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
4 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
5 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to
6 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; and sections 11011,
7 13201 (a) to (e) and (g), 13206, 13301, 13801, 14101, 14102, 14103, 14201, 14202,
8 14211, 14212, 14213, 14214, 14215, 14221, 14222, 14301, 14302, 14304, and 14401
9 of P.L. 115-97.

10 3. For purposes of this paragraph, “Internal Revenue Code” does not include
11 amendments to the federal Internal Revenue Code enacted after December 31, 2017.

12 4. For purposes of this paragraph, the provisions of federal public laws that
13 directly or indirectly affect the Internal Revenue Code, as defined in this paragraph,
14 apply for Wisconsin purposes at the same time as for federal purposes.

15 **SECTION 28.** 71.22 (4m) (k) 1. of the statutes, as created by 2017 Wisconsin Act
16 59, is amended to read:

17 71.22 (4m) (k) 1. For taxable years beginning after December 31, 2016, and
18 before January 1, 2018, “Internal Revenue Code”, for corporations that are subject
19 to a tax on unrelated business income under s. 71.26 (1) (a), means the federal
20 Internal Revenue Code as amended to December 31, 2016, except as provided in
21 subds. 2. and 3. and s. 71.98 and subject to subd. 4.

22 **SECTION 29.** 71.22 (4m) (k) 3. of the statutes, as created by 2017 Wisconsin Act
23 59, is amended to read:

24 71.22 (4m) (k) 3. For purposes of this paragraph, “Internal Revenue Code” does
25 not include amendments to the federal Internal Revenue Code enacted after

1 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
2 11025, and 13543 of P.L. 115-97.

3 **SECTION 30.** 71.22 (4m) (L) of the statutes is created to read:

4 71.22 (4m) (L) 1. For taxable years beginning after December 31, 2017,
5 “Internal Revenue Code”, for corporations that are subject to a tax on unrelated
6 business income under s. 71.26 (1) (a), means the federal Internal Revenue Code as
7 amended to December 31, 2017, except as provided in subds. 2. and 3. and s. 71.98
8 and subject to subd. 4.

9 2. For purposes of this paragraph, “Internal Revenue Code” does not include
10 the following provisions of federal public laws for taxable years beginning after
11 December 31, 2017: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
12 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
13 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
14 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
15 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
16 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
17 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
18 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
19 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
20 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
21 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
22 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to
23 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; and sections 11011,
24 13201 (a) to (e) and (g), 13206, 13301, 13801, 14101, 14102, 14103, 14201, 14202,

1 14211, 14212, 14213, 14214, 14215, 14221, 14222, 14301, 14302, 14304, and 14401
2 of P.L. 115-97.

3 3. For purposes of this paragraph, “Internal Revenue Code” does not include
4 amendments to the federal Internal Revenue Code enacted after December 31, 2017.

5 4. For purposes of this paragraph, the provisions of federal public laws that
6 directly or indirectly affect the Internal Revenue Code, as defined in this paragraph,
7 apply for Wisconsin purposes at the same time as for federal purposes.

8 **SECTION 31.** 71.26 (2) (b) 11. a. of the statutes, as created by 2017 Wisconsin
9 Act 59, is amended to read:

10 71.26 (2) (b) 11. a. For taxable years beginning after December 31, 2016, and
11 before January 1, 2018, for a corporation, conduit, or common law trust which
12 qualifies as a regulated investment company, real estate mortgage investment
13 conduit, real estate investment trust, or financial asset securitization investment
14 trust under the Internal Revenue Code, “net income” means the federal regulated
15 investment company taxable income, federal real estate mortgage investment
16 conduit taxable income, federal real estate investment trust or financial asset
17 securitization investment trust taxable income of the corporation, conduit, or trust
18 as determined under the Internal Revenue Code.

19 **SECTION 32.** 71.26 (2) (b) 11. d. of the statutes, as created by 2017 Wisconsin
20 Act 59, is amended to read:

21 71.26 (2) (b) 11. d. For purposes of subd. 11. a., “Internal Revenue Code” does
22 not include amendments to the federal Internal Revenue Code enacted after
23 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
24 11025, and 13543 of P.L. 115-97.

25 **SECTION 33.** 71.26 (2) (b) 12. of the statutes is created to read:

1 71.26 (2) (b) 12. a. For taxable years beginning after December 31, 2017, for a
2 corporation, conduit, or common law trust which qualifies as a regulated investment
3 company, real estate mortgage investment conduit, real estate investment trust, or
4 financial asset securitization investment trust under the Internal Revenue Code,
5 “net income” means the federal regulated investment company taxable income,
6 federal real estate mortgage investment conduit taxable income, federal real estate
7 investment trust or financial asset securitization investment trust taxable income
8 of the corporation, conduit, or trust as determined under the Internal Revenue Code.

9 b. For purposes of subd. 12. a., “Internal Revenue Code” means the federal
10 Internal Revenue Code as amended to December 31, 2017, except as provided in
11 subd. 12. c. and d. and s. 71.98 and subject to subd. 12. e.

12 c. For purposes of subd. 12. a., “Internal Revenue Code” does not include the
13 following provisions of federal public laws for taxable years beginning after
14 December 31, 2017: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
15 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
16 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
17 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
18 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
19 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
20 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
21 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
22 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
23 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
24 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
25 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to

1 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; and sections 11011,
2 13201 (a) to (e) and (g), 13206, 13301, 13801, 14101, 14102, 14103, 14201, 14202,
3 14211, 14212, 14213, 14214, 14215, 14221, 14222, 14301, 14302, 14304, and 14401
4 of P.L. 115-97.

5 d. For purposes of subd. 12. a., “Internal Revenue Code” does not include
6 amendments to the federal Internal Revenue Code enacted after December 31, 2017.

7 e. For purposes of subd. 12. a., the provisions of federal public laws that directly
8 or indirectly affect the Internal Revenue Code, as defined in this subdivision, apply
9 for Wisconsin purposes at the same time as for federal purposes.

10 **SECTION 34.** 71.26 (3) (j) of the statutes is amended to read:

11 71.26 (3) (j) Sections 243, 244, 245, 245A, 246 and 246A are excluded and
12 replaced by the rule that corporations may deduct from income dividends received
13 from a corporation with respect to its common stock if the corporation receiving the
14 dividends owns, directly or indirectly, during the entire taxable year at least 70
15 percent of the total combined voting stock of the payor corporation. In this
16 paragraph, “dividends received” means gross dividends minus taxes on those
17 dividends paid to a foreign nation and claimed as a deduction under this chapter. The
18 same dividends may not be deducted more than once.

19 **SECTION 35.** 71.34 (1g) (k) 1. of the statutes, as created by 2017 Wisconsin Act
20 59, is amended to read:

21 71.34 (1g) (k) 1. For taxable years beginning after December 31, 2016, and
22 before January 1, 2018, for tax option corporations, “Internal Revenue Code” means
23 the federal Internal Revenue Code as amended to December 31, 2016, except as
24 provided in subds. 2., 3., and 5. and s. 71.98 and subject to subd. 4.

1 **SECTION 36.** 71.34 (1g) (k) 3. of the statutes, as created by 2017 Wisconsin Act
2 59, is amended to read:

3 71.34 (1g) (k) 3. For purposes of this paragraph, “Internal Revenue Code” does
4 not include amendments to the federal Internal Revenue Code enacted after
5 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
6 11025, and 13543 of P.L. 115-97.

7 **SECTION 37.** 71.34 (1g) (L) of the statutes is created to read:

8 71.34 (1g) (L) 1. For taxable years beginning after December 31, 2017, for tax
9 option corporations, “Internal Revenue Code” means the federal Internal Revenue
10 Code as amended to December 31, 2017, except as provided in subds. 2., 3., and 5. and
11 s. 71.98 and subject to subd. 4.

12 2. For purposes of this paragraph, “Internal Revenue Code” does not include
13 the following provisions of federal public laws for taxable years beginning after
14 December 31, 2017: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
15 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
16 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
17 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
18 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
19 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
20 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
21 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
22 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
23 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
24 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
25 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to

1 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; and sections 11011,
2 13201 (a) to (e) and (g), 13206, 13301, 13801, 14101, 14102, 14103, 14201, 14202,
3 14211, 14212, 14213, 14214, 14215, 14221, 14222, 14301, 14302, 14304, and 14401
4 of P.L. 115-97.

5 3. For purposes of this paragraph, “Internal Revenue Code” does not include
6 amendments to the federal Internal Revenue Code enacted after December 31, 2017.

7 4. For purposes of this paragraph, the provisions of federal public laws that
8 directly or indirectly affect the Internal Revenue Code, as defined in this paragraph,
9 apply for Wisconsin purposes at the same time as for federal purposes

10 5. For purposes of this paragraph, section 1366 (f) of the Internal Revenue Code
11 (relating to pass-through of items to shareholders) is modified by substituting the
12 tax under s. 71.35 for the taxes under sections 1374 and 1375 of the Internal Revenue
13 Code.

14 **SECTION 38.** 71.42 (2) (k) 1. of the statutes, as created by 2017 Wisconsin Act
15 59, is amended to read:

16 71.42 (2) (k) 1. For taxable years beginning after December 31, 2016, and before
17 January 1, 2018, “Internal Revenue Code” means the federal Internal Revenue Code
18 as amended to December 31, 2016, except as provided in subds. 2. to 4. and s. 71.98
19 and subject to subd. 5.

20 **SECTION 39.** 71.42 (2) (k) 3. of the statutes, as created by 2017 Wisconsin Act
21 59, is amended to read:

22 71.42 (2) (k) 3. For purposes of this paragraph, “Internal Revenue Code” does
23 not include amendments to the federal Internal Revenue Code enacted after
24 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
25 11025, and 13543 of P.L. 115-97.

1 **SECTION 40.** 71.42 (2) (L) of the statutes is created to read:

2 71.42 (2) (L) 1. For taxable years beginning after December 31, 2017, “Internal
3 Revenue Code” means the federal Internal Revenue Code as amended to December
4 31, 2017, except as provided in subds. 2. to 4. and s. 71.98 and subject to subd. 5.

5 2. For purposes of this paragraph, “Internal Revenue Code” does not include
6 the following provisions of federal public laws for taxable years beginning after
7 December 31, 2017: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
8 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
9 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
10 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
11 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
12 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
13 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
14 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
15 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
16 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
17 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
18 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to
19 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; and sections 11011,
20 13201 (a) to (e) and (g), 13206, 13301, 13801, 14101, 14102, 14103, 14201, 14202,
21 14211, 14212, 14213, 14214, 14215, 14221, 14222, 14301, 14302, 14304, and 14401
22 of P.L. 115-97.

23 3. For purposes of this paragraph, “Internal Revenue Code” does not include
24 amendments to the federal Internal Revenue Code enacted after December 31, 2017.

1 4. For purposes of this paragraph, “Internal Revenue Code” does not include
2 section 847 of the federal Internal Revenue Code.

3 5. For purposes of this paragraph, the provisions of federal public laws that
4 directly or indirectly affect the Internal Revenue Code, as defined in this paragraph,
5 apply for Wisconsin purposes at the same time as for federal purposes.

6 **SECTION 41.** 71.64 (9) (b) (intro.) of the statutes is amended to read:

7 71.64 **(9)** (b) (intro.) The department shall from time to time adjust the
8 withholding tables to reflect any changes in income tax rates, any applicable surtax
9 or any changes in dollar amounts in s. 71.06 (1), (1m), (1n), (1p), (1q), (1r), and (2)
10 resulting from statutory changes, except as follows:

11 **SECTION 42.** 71.67 (5) (a) of the statutes is amended to read:

12 71.67 **(5)** (a) *Wager winnings.* A person holding a license to sponsor and
13 manage races under s. 562.05 (1) (b) or (c) shall withhold from the amount of any
14 payment of pari-mutuel winnings under s. 562.065 (3) (a) or (3m) (a) an amount
15 determined by multiplying the amount of the payment by the highest rate applicable
16 to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r) if the amount
17 of the payment is more than \$1,000.

18 **SECTION 43.** 71.67 (5m) of the statutes is amended to read:

19 71.67 **(5m)** WITHHOLDING FROM PAYMENTS TO PURCHASE ASSIGNMENT OF LOTTERY
20 PRIZE. A person that purchases an assignment of a lottery prize shall withhold from
21 the amount of any payment made to purchase the assignment the amount that is
22 determined by multiplying the amount of the payment by the highest rate applicable
23 to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r). Subsection
24 (5) (b), (c) and (d), as it applies to the amounts withheld under sub. (5) (a), applies
25 to the amount withheld under this subsection.

1 **SECTION 44.** 71.98 (3) of the statutes is amended to read:

2 71.98 (3) DEPRECIATION, DEPLETION, AND AMORTIZATION. For taxable years
3 beginning after December 31, 2013, and for purposes of computing depreciation and
4 amortization, the Internal Revenue Code means the federal Internal Revenue Code
5 in effect for federal purposes on January 1, 2014, except that sections 13201 (f),
6 13203, 13204, and 13205 of P.L. 115-97 apply at the same time as for federal
7 purposes. For taxable years beginning after December 31, 2013, and for purposes of
8 computing depletion, the Internal Revenue code Code means the federal Internal
9 Revenue code Code in effect for federal purposes for the year in which the property
10 is placed in service.

11 **SECTION 45.** 71.98 (9) of the statutes is created to read:

12 71.98 (9) ROLLOVER AMOUNTS, AIRLINE CARRIER BANKRUPTCY. For taxable years
13 beginning after December 31, 2011, section 1106 of P.L. 112-95, as amended by P.L.
14 113-243 and section 307 of Division Q of P.L. 114-113, as it relates to the treatment
15 of distributions to qualified airline employees that are rolled over into an individual
16 retirement account, due to airline carrier bankruptcy. This provision does not apply
17 to federal provisions relating to extensions of time to file amended federal returns.
18 A qualified airline employee may file a claim for a refund to exclude income provided
19 under this subsection pursuant to the time period specified in s. 71.75 (2) or no later
20 than 180 days after the effective date of this subsection [LRB inserts date].

21 **SECTION 46.** 77.54 (9a) (fc) of the statutes is created to read:

22 77.54 (9a) (fc) An entity described under section 501 (c) (2) of the Internal
23 Revenue Code that is exempt from federal income tax under section 501 (a) of the
24 Internal Revenue Code and that is organized for the exclusive purpose of holding title

1 to property, collecting income from that property, and turning over the entire amount
2 of that income, less expenses, to an entity described under par. (f).

3 **SECTION 47.** 77.54 (9m) of the statutes is amended to read:

4 77.54 (9m) The sales price from the sale of and the storage, use, or other
5 consumption of tangible personal property, or items or property under s. 77.52 (1) (b)
6 or (c), sold to a construction contractor ~~who~~ that, in fulfillment of a real property
7 construction activity, transfers the tangible personal property, or items or property
8 under s. 77.52 (1) (b) or (c), to an entity described under sub. (9a) (b), (c), (d), (em),
9 ~~or~~ (f), or (fc), if such tangible personal property, or items or property, becomes a
10 component of a facility in this state that is owned by the entity. In this subsection,
11 “facility” means any building, shelter, parking lot, parking garage, athletic field,
12 athletic park, storm sewer, water supply system, or sewerage and waste water
13 treatment facility, but does not include a highway, street, or road.

14 **SECTION 48.** 224.50 (2) (a) of the statutes, as affected by 2017 Wisconsin Act 59,
15 is amended to read:

16 224.50 (2) (a) Except as provided in s. 224.51, establish and administer a
17 college savings program that allows an individual, trust, legal guardian, or entity
18 described under 26 USC 529 (e) (1) (C) to establish a college savings account to cover
19 tuition, fees, and the costs of room and board, books, supplies, and equipment
20 required for the enrollment or attendance of a beneficiary at an eligible educational
21 institution, as defined under 26 USC 529, and to cover tuition expenses in connection
22 with enrollment or attendance at an elementary or secondary public, private, or
23 religious school, as described in section 11032 of P.L. 115-97, related to qualified
24 tuition programs under 26 USC 529.

25 **SECTION 49. Initial applicability.**

