



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1173/P1
JK:cjs

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

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

1. Broadcaster's income apportionment

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

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 71.01 (1as) of the statutes is repealed.

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

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

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 of the statutes is repealed.

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

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

SECTION 5. 71.04 (7) (dj) 1. a. of the statutes is renumbered 71.04 (7) (dj) 1m. and amended to read:

71.04 (7) (dj) 1m. The purchaser or licensee uses the intangible property in the operation of a trade or business at a location in this state. ~~Except as provided in subd. 2., if~~ If the purchaser or licensee uses the intangible property in the operation of a trade or business in more than one state, the gross royalties and other gross receipts

from the use of the intangible property shall be divided between those states having jurisdiction to impose an income tax on the taxpayer in proportion to the use of the intangible property in those states.

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

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

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

SECTION 9. 71.04 (7) (g) of the statutes is repealed.

SECTION 10. 71.22 (1e) of the statutes is repealed.

SECTION 11. 71.25 (9) (dh) 3. of the statutes is amended to read:

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

SECTION 12. 71.25 (9) (dh) 4. of the statutes is repealed.

SECTION 13. 71.25 (9) (dj) 1. (intro.) of the statutes is renumbered 71.25 (9) (dj) (intro.) and amended to read:

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

SECTION 14. 71.25 (9) (dj) 1. a. of the statutes is renumbered 71.25 (9) (dj) 1n. and amended to read:

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

SECTION 15. 71.25 (9) (dj) 1. b. of the statutes is renumbered 71.25 (9) (dj) 2n.

SECTION 16. 71.25 (9) (dj) 1. c. of the statutes is renumbered 71.25 (9) (dj) 3n.

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

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

(END)