



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-4106/1
KP:skw

2023 ASSEMBLY BILL 922

January 12, 2024 - Introduced by Representatives SORTWELL, MURPHY, O'CONNOR, SCHMIDT and GOEBEN, cosponsored by Senator JACQUE. Referred to Committee on Ways and Means.

- 1 **AN ACT** *to renumber and amend* 71.98 (3); and *to create* 71.98 (3) (b) and 71.98
2 (3) (c) of the statutes; **relating to:** adopting federal income tax provisions
3 related to depreciation and amortization.

Analysis by the Legislative Reference Bureau

This bill adopts, beginning in tax year 2023, for state income and franchise tax purposes, the current federal Internal Revenue Code related to depreciation and amortization, including provisions related to a depreciation allowance for certain property, known as bonus depreciation. For state income and franchise tax purposes, current law generally adopts the federal Internal Revenue Code provisions related to depreciation and amortization in effect on January 1, 2014. Under the bill, generally, a taxpayer may take a depreciation deduction equal to 80 percent of the adjusted basis of qualified property placed in service during tax year 2023, and the applicable deduction percentage is 60 percent for tax year 2024, 40 percent for tax year 2025, and 20 percent for tax year 2026. Under current federal law, the bonus depreciation allowance sunsets for tax year 2027.

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:

ASSEMBLY BILL 922**SECTION 1**

1 **SECTION 1.** 71.98 (3) of the statutes is renumbered 71.98 (3) (a) and amended
2 to read:

3 71.98 (3) (a) For taxable years beginning after December 31, 2013, and before
4 January 1, 2023, and for purposes of computing depreciation and amortization, the
5 Internal Revenue Code means the federal Internal Revenue Code in effect for federal
6 purposes on January 1, 2014, except that sections 13201 (f), 13203, 13204, and 13205
7 of P.L. 115-97, section 2307 of division A of P.L. 116-136, and section 202 of division
8 EE of P.L. 116-260 apply at the same time as for federal purposes.

9 (d) For taxable years beginning after December 31, 2013, and for purposes of
10 computing depletion, the Internal Revenue Code means the federal Internal
11 Revenue Code in effect for federal purposes for the year in which the property is
12 placed in service.

13 **SECTION 2.** 71.98 (3) (b) of the statutes is created to read:

14 71.98 (3) (b) Notwithstanding ss. 71.01 (6) (m), 71.22 (4) (m), and 71.42 (2) (m),
15 for taxable years beginning after December 31, 2022, and for purposes of computing
16 depreciation, the Internal Revenue Code means the federal Internal Revenue Code
17 in effect for federal purposes for the year in which the property is placed in service,
18 except that property placed in service in taxable years beginning before January 1,
19 2023, shall continue to be depreciated as described in par. (a).

20 **SECTION 3.** 71.98 (3) (c) of the statutes is created to read:

21 71.98 (3) (c) Notwithstanding ss. 71.01 (6) (m), 71.22 (4) (m), and 71.42 (2) (m),
22 for taxable years beginning after December 31, 2022, and for purposes of computing
23 amortization, the Internal Revenue Code means the federal Internal Revenue Code
24 in effect for federal purposes for the year in which the amortized expense is made,

