



State of Wisconsin  
1997 - 1998 LEGISLATURE  
April 1998 Special Session

LRBa2791/1  
JS:jlg:ijs

**ASSEMBLY AMENDMENT 4,  
TO ASSEMBLY BILL 5**

May 15, 1998 - Offered by Representatives KUNICKI and JENSEN.

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 2g.** 71.22 (11) of the statutes is amended to read:

5 71.22 (11) Except as provided in s. 71.45 (2), "Wisconsin net income", for  
6 corporations engaged in business wholly within this state, means net income and,  
7 for corporations engaged in business both within and outside this state, means the  
8 amount assigned to this state under s. 71.25 (6), (10) (c) or (13) or by a separate  
9 accounting or allocation, if allowed under s. 71.25 (6), or by another method approved  
10 under s. 71.25 (11) ~~or~~, (12) or (14).

11 **SECTION 2r.** 71.25 (14) of the statutes is created to read:

12 71.25 (14) ALTERNATIVE ALLOCATION. (a) Upon request by a corporation on or  
13 before January 1, 2000, the department of revenue may authorize a corporation or

1 a subsidiary thereof to use and continue to use a different method of apportioning its  
2 income to this state for purposes of this subchapter, and may specify the method of  
3 apportionment that the corporation or subsidiary shall use. This provision is to be  
4 used exclusively in the event of a corporate restructuring that would result in an  
5 unfair representation of the degree of business activity in this state. In no instance  
6 may the alternative method proposed under the new corporate structure result in  
7 less franchise or income tax revenue to the state than the current corporate structure  
8 is liable for, given the same overall level of sales, payroll and property.

9 (b) Before the department of revenue grants permission to any corporation to  
10 use an alternative method of allocation under par. (a), the department of revenue  
11 shall promulgate rules that specify in more detail the circumstances in which that  
12 authority may be granted and the kinds of alternative methods that the department  
13 may authorize.

14 (c) At least 14 days before giving final approval to an alternative method of  
15 apportionment under par. (a), the department of revenue shall submit the proposed  
16 alternative method of apportionment to the cochairpersons of the joint committee for  
17 review of administrative rules, together with a description of the proposed  
18 alternative, the reasons for the proposed alternative and an estimate of its fiscal  
19 effect. If, within 14 days after receipt of the proposed alternative method, the  
20 cochairpersons of the joint committee for review of administrative rules do not notify  
21 the department of revenue that the proposed alternative must be promulgated as an  
22 administrative rule in order to be used, the department of revenue may give final  
23 approval to the proposed method without promulgating an administrative rule. If  
24 the cochairpersons of the joint committee for review of administrative rules notify  
25 the department of revenue within 14 days after receipt of the proposed alternative

1 that the proposed alternative must be promulgated as an administrative rule, the  
2 proposed alternative may not be used until it is promulgated as an administrative  
3 rule under ch. 227.”.

4 **2.** Page 4, line 1: delete “section 71.25 (12)” and substitute “sections 71.22 (11)  
5 and 71.25 (14)”.

6 (END)