



State of Wisconsin
2025 - 2026 LEGISLATURE

LRBs0039/1

KP:emw

**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 36**

June 9, 2025 - Offered by Senator JACQUE.

- 1 **AN ACT** *to create* 71.05 (6) (b) 57. and 73.03 (78) of the statutes; **relating to:** an
2 income tax subtraction for certain tips paid to an employee.

Analysis by the Legislative Reference Bureau

This bill creates in income tax subtraction for up to \$25,000 in qualified tips received by an employee from customers of the employee's employer. Under the bill, a "qualified tip" is a tip of any kind received by an individual in the course of the individual's employment in an occupation that traditionally and customarily received tips on or before December 31, 2023, as determined by the Department of Revenue. Only qualified tips that are included on a statement that an individual furnishes to the individual's employer pursuant to federal tax law are eligible to be subtracted under the bill. Also, an individual may not claim the subtraction under the bill if, for the preceding tax year, the individual had compensation from the individual's employer in excess of \$160,000. This amount is adjusted for inflation annually under the bill.

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

- 3 **SECTION 1.** 71.05 (6) (b) 57. of the statutes is created to read:

1 71.05 (6) (b) 57. a. For taxable years beginning after December 31, 2024, up to
2 \$25,000 of qualified tips received by an employee from the customers of the
3 employee's employer that are included on statements furnished by the employee to
4 the employer pursuant to section 6053 (a) of the Internal Revenue Code.

5 b. No subtraction under this subdivision may be claimed for a taxable year by
6 an individual that had, for the preceding taxable year, compensation, as defined in
7 section 414 (q) (4) of the Internal Revenue Code, from the individual's employer in
8 excess of \$160,000. For taxable years beginning after December 31, 2025, the dollar
9 amount in this subd. 57. b. shall be increased each year by a percentage equal to the
10 percentage change between the U.S. consumer price index for all urban consumers,
11 U.S. city average, for the month of August of the previous year and the U.S.
12 consumer price index for all urban consumers, U.S. city average, for the month of
13 August 2024, as determined by the federal department of labor, except that the
14 adjustment may occur only if the resulting amount is greater than the
15 corresponding amount that was calculated for the previous year. Each amount that
16 is revised under this subd. 57. b. shall be rounded to the nearest multiple of \$10 if
17 the revised amount is not a multiple of \$10, or if the revised amount is a multiple of
18 \$5, such an amount shall be increased to the next higher multiple of \$10. The
19 department of revenue shall annually adjust the changes in dollar amounts
20 required under this subd. 57. b. and incorporate the changes into the income tax
21 forms and instructions.

22 c. In this subdivision, "qualified tip" means a tip of any kind received by an
23 individual in the course of the individual's employment in an occupation that

1 traditionally and customarily received tips on or before December 31, 2023, as
2 determined by the department under s. 73.03 (78).

3 **SECTION 2.** 73.03 (78) of the statutes is created to read:

4 73.03 **(78)** To, no later than the 90th day after the effective date of this
5 subsection ... [LRB inserts date], determine the occupations that traditionally and
6 customarily received tips on or before December 31, 2023, for purposes of s. 71.05 (6)
7 (b) 57. and publish a list of those occupations. If the U.S. department of the
8 treasury publishes a list of occupations that traditionally and customarily received
9 tips, the determination and list published under this subsection shall conform to
10 the list published by the U.S. department of the treasury.

11 **(END)**