
Wisconsin Legislative Council

AMENDMENT MEMO



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2023 Senate Bill 389

**Senate Substitute
Amendment 1**

2023 SENATE BILL 389

2023 Senate Bill 389 (SB 389) updates state-law references to the Internal Revenue Code (IRC) under the individual income and corporate income and franchise taxes to conform to most federal tax provisions adopted through federal legislation in 2021 and 2022.¹ These updates to state tax law would apply retroactively and for taxable years beginning after 2022.

However, SB 389 would not adopt the provision under the federal ARPA that creates an income tax exclusion for certain forgiven student loans. Also, SB 389 does not include certain provisions relating to tax treatment of high-deductible health plans (HDHPs) contained in CAA22 and CAA23.

In addition, SB 389 would adopt for state tax purposes Section 1202 of the IRC related to excluding the sale of qualified small business stock from taxable income, retroactive to tax year 2019, and including any future changes to that provision.

SENATE SUBSTITUTE AMENDMENT 1

Similarly to the bill, as introduced, Senate Substitute Amendment (SSA1) to SB 389:

- Updates state-law references to the IRC under the individual income and corporate income and franchise taxes to conform to most federal tax provisions adopted through federal legislation in 2021 and 2022, applicable retroactively and for taxable years beginning after 2022.
- Would not adopt the provisions relating to student loan forgiveness under ARPA nor tax treatment of HDHPs under CAA22 and CAA23.
- Would adopt the IRC provision related to excluding the sale of qualified small business stock from taxable income, retroactive to tax year 2019, including any future changes to that provision.

However, the provisions in SSA1 to SB 389 are organized and drafted differently, as compared to the bill as introduced, based on feedback from the state Department of Revenue (DOR).

BILL HISTORY

On August 11, 2023, Senator Marklein introduced SB 389, and on September 12, 2023, Senator Marklein offered SSA1. On September 19, 2023, the Senate Committee on Universities and Revenue

¹ Federal enactments modifying the IRC during 2021 and 2022 include the American Rescue Plan Act of 2021 (ARPA), the Paycheck Protection Program Extension Act of 2021, the Surface Transportation Extension Act of 2021, the Further Surface Transportation Extension Act of 2021, the Infrastructure Investment and Jobs Act, the Consolidated Appropriations Act of 2022 (CAA22), the Supreme Court Security Funding Act of 2022, the Inflation Reduction Act of 2022, and the Consolidated Appropriations Act of 2023 (CAA23).

recommended adoption of SSA1 and passage of SB 389, as amended, on votes of Ayes, 8; Noes, 0. On September 26, 2023, the Joint Committee on Finance recommended adoption of SSA1 and passage of SB 389, as amended, on votes of Ayes, 15; Noes, 0.

For a full history of the bill, visit the Legislature's [bill history page](#).

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