



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-1292/1
JK:skw&kjf

2021 ASSEMBLY BILL 2

January 15, 2021 - Introduced by Representatives WITTKE, MACCO, KATSMA and ZIMMERMAN, cosponsored by Senators MARKLEIN, KOOYENGA and KAPENGA. Referred to Committee on Ways and Means.

1 **AN ACT to repeal** 71.01 (6) (c), (d), (e), (f), (g), (h) and (i), 71.05 (1) (ae), 71.05 (6)
2 (b) 17. and 18., 71.05 (6) (b) 20., 36., 37., 39., 40. and 41., 71.22 (4) (c), (d), (e),
3 (f), (g), (h) and (i), 71.22 (4m) (c), (d), (e), (f), (g), (h) and (i), 71.26 (2) (b) 3., 4.,
4 5., 6., 7., 8. and 9., 71.34 (1g) (c), (d), (e), (f), (g), (h) and (i), 71.42 (2) (c), (d), (e),
5 (f), (g), (h) and (i), 77.51 (13gm) (a) 1. and 2., 77.51 (13gm) (d) 1. and 77.51 (13gm)
6 (d) 3. and 4.; **to renumber and amend** 71.05 (6) (b) 4., 71.76 and 77.51 (13gm)
7 (a) (intro.); **to amend** 48.561 (3) (a) 3., 48.561 (3) (b), 59.25 (3) (i), 66.0602 (3)
8 (h) 2. a., 66.0602 (6) (a), 66.0602 (6) (b), 66.1105 (6m) (d) 4., 70.46 (4), 70.855 (4)
9 (b), 70.995 (8) (c) 1., 70.995 (8) (d), 70.995 (14) (b), 71.01 (6) (k) 3., 71.01 (6) (L)
10 1., 71.01 (6) (L) 3., 71.01 (6) (L) 4., 71.05 (1) (am), 71.05 (1) (an), 71.05 (6) (b) 19.
11 c., 71.05 (6) (b) 19. d., 71.07 (5) (a) 15., 71.07 (9m) (h), 71.22 (4) (k) 3., 71.22 (4)
12 (L) 1., 71.22 (4) (L) 3., 71.22 (4) (L) 4., 71.22 (4m) (k) 3., 71.22 (4m) (L) 1., 71.22
13 (4m) (L) 3., 71.22 (4m) (L) 4., 71.26 (2) (b) 10. d., 71.26 (2) (b) 11. d., 71.26 (2) (b)
14 12. a., 71.26 (2) (b) 12. d., 71.26 (2) (b) 12. e., 71.28 (6) (h), 71.34 (1g) (k) 3., 71.34

ASSEMBLY BILL 2

1 (1g) (L) 1., 71.34 (1g) (L) 3., 71.34 (1g) (L) 4., 71.42 (2) (k) 3., 71.42 (2) (L) 1., 71.42
2 (2) (L) 3., 71.42 (2) (L) 5., 71.47 (6) (h), 71.55 (10), 71.77 (7) (b), 71.83 (1) (a) 6.,
3 73.0305, 73.09 (4) (c), 73.09 (5), 74.315 (1), 74.315 (2), 74.315 (3), 76.04 (1), 76.07
4 (1), 76.075, 76.13 (1), 76.13 (3), 76.28 (4) (b), 76.28 (11), 76.39 (4) (d), 76.48 (5),
5 77.51 (13gm) (b), 77.51 (13gm) (c), 77.51 (13gm) (d) 2., 77.51 (13gm) (d) 5., 77.52
6 (2m) (b), 77.54 (6) (am) 2., 77.54 (9a) (f), 77.54 (9m), 79.02 (1), 79.02 (2) (b), 79.02
7 (3) (a), 79.02 (3) (e), 79.035 (6), 79.035 (7) (b), 79.05 (1) (am) and 79.05 (2m); and
8 **to create** 70.11 (4) (b) 3., 71.01 (6) (j) 3. m., 71.01 (6) (j) 3. n., 71.01 (6) (m), 71.01
9 (7g), 71.05 (6) (b) 4. a. to c., 71.05 (6) (b) 19. cm., 71.05 (6) (b) 19. dm., 71.05 (6)
10 (b) 54., 71.22 (4) (j) 3. m., 71.22 (4) (j) 3. n., 71.22 (4) (m), 71.22 (4m) (j) 3. m., 71.22
11 (4m) (j) 3. n., 71.22 (4m) (m), 71.22 (5g), 71.26 (2) (b) 13., 71.26 (2) (b) 14., 71.34
12 (1g) (j) 3. m., 71.34 (1g) (j) 3. n., 71.34 (1g) (m), 71.34 (1u), 71.42 (2) (j) 3. m., 71.42
13 (2) (j) 3. n., 71.42 (2) (m), 71.42 (2p), 71.52 (1g), 71.76 (2), 74.315 (1m) and 77.61
14 (5) (b) 8m. of the statutes; **relating to:** various changes to the laws
15 administered and enforced by the Department of Revenue.

Analysis by the Legislative Reference Bureau

This bill makes changes to the laws administered and enforced by the Department of Revenue.

SHARED REVENUE***Reimbursement amounts***

Under current law, the state reduces the shared revenue payments to counties and municipalities for various purposes, including for the collection of penalties and the reimbursement for other amounts. However, current law is not consistent with regard to which components of shared revenue are reduced for these purposes. This bill provides that all such reductions are from the payment of all shared revenue components that the counties and municipalities receive on the fourth Monday in July and the third Monday in November.

Expenditure restraint payments

Under current law, counties and municipalities receive 15 percent of their shared revenue payments on the fourth Monday in July and the remainder on the

ASSEMBLY BILL 2

third Monday in November, except that municipalities receive the entire amount of their payment under the expenditure restraint program on the fourth Monday in July. The bill allows municipalities to receive their entire expenditure restraint payment before the fourth Monday in July, upon certification by DOR.

Under current law, the inflation factor used to compute a municipality's expenditure restraint payment is a percentage equal to the average annual percentage change in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. Department of Labor, for the 12 months ending on September 30. The bill modifies the consumer price index provision so that it is for the 12 months ending on August 31.

PROPERTY***Omitted property***

Current law requires a taxation district clerk to annually submit to DOR a listing of the taxes on property omitted from assessment in any of the previous two years that are to be included in the next assessment. However, the clerk reports the omitted taxes only if those taxes exceed \$5,000. The bill modifies that \$5,000 threshold so that the clerk reports the omitted taxes that are \$250 or more for any single description of property. The bill also provides that the clerk may not list an omitted tax that was levied on property within a tax incremental district unless the current value of the district is lower than the tax incremental base.

Objections

Current law requires a person who files an objection to the assessment of the person's manufacturing property to pay a \$45 fee. The bill increases the filing fee to \$200.

License fees

Current law imposes license fees instead of property taxes on certain public utilities. The fees are based, generally, on the value of a utility's property. Utilities that are subject to the fees include light, heat, and power companies, pipeline companies, and railroad companies. Each such company, other than a railroad company, must file a report with DOR on or before May 1 of each year. DOR determines the value of the company's property on or before September 15. A railroad company must file its report on or before April 15 and its value is determined on or before August 1. The bill changes the filing and determination dates for a railroad company so that those dates are the same as those for other public utilities.

The bill also decreases the interest rate paid on refunds of license fees paid by public utilities from 9 percent to 3 percent.

Board of review

Current law requires that at least one member of the board of review attend DOR training within the two-year period beginning on the date of the board's first meeting. The bill requires all members of the board of review to complete the training each year, except that only one member needs to attend training in-person each year.

ASSEMBLY BILL 2***Assessor certification***

Current law requires a person applying for an assessor certification examination to submit a \$20 fee with the application. A person applying for a renewal of an assessor certification pays a \$20 recertification fee with the application. The bill allows DOR to determine the amount of the fee for an assessor certification examination on the basis of DOR's estimate of the actual cost to administer and grade the examination, but the fee may not exceed \$75. The bill also allows DOR to determine the recertification fee.

Levy limit; joint fire departments

The property tax levy limit under current law does not apply to the amount that a city, village, or town levies to pay for charges assessed by a joint fire department or joint emergency medical services district if the current year increase in such charges is equal to or less than the percentage change in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. Department of Labor, for the 12 months ending on September 30 of the year of the levy, plus 2 percent. The bill modifies the consumer price index provision so that it is for the 12 months ending on August 31 of the year of the levy.

Leasing property owned by a church or religious organization

Current law provides a property tax exemption for property owned by educational associations and institutions, benevolent associations, churches, religious associations, and certain nonprofit entities licensed by the Department of Health Services. Leasing such property does not render the property taxable as long as the lessor uses the leasehold income for maintenance or construction debt retirement of the leased property. However, current law allows some leased property to retain its exemption regardless of how the leasehold income is used. For example, leasing a part of property that is owned and operated by a licensed nonprofit entity as residential housing does not render the property taxable, regardless of how the lessor uses the leasehold income.

Under this bill, leasing all or part of any property owned by a church or religious organization to an educational association or institution that is also exempt from taxation does not render the property taxable, regardless of how the lessor uses the leasehold income.

INCOME TAX***Disability income subtraction***

Current law allows an individual with less than \$20,200 of federal adjusted gross income to claim a disability income subtraction on the individual's state tax return, if the individual is under 65 years of age and retired on disability, and, when the individual retired, was permanently and totally disabled. For a married couple filing a joint return, each spouse may claim the credit if they meet the criteria and their combined income is less than \$25,400. The bill replaces an obsolete reference to the federal Internal Revenue Code with the language used to determine the claimant's eligibility that existed under the obsolete reference.

ASSEMBLY BILL 2***Homestead credit***

Under current law, an individual who is under the age of 62 and who does not have a disability must have earned income in order to claim the homestead credit. However, current law does not define earned income for purposes of claiming the credit. The bill defines “earned income” for purposes of claiming the homestead credit as wages, salaries, tips, and other employee compensation that may be included in federal adjusted gross income for the taxable year, plus the amount of net earnings from self-employment.

Current law also requires individuals who wish to claim the homestead credit to add certain disqualified losses to homestead income in order to determine eligibility to claim the credit. However, the requirement does not apply to an individual whose primary income is from farming and whose farming operation generates less than \$250,000 in the year to which the claim relates. The bill clarifies that an individual’s primary income is from farming if the individual’s gross income from farming for the year in which the claim relates is greater than 50 percent of the individual’s total gross income from all sources for that year.

Final audit determinations

Under current law, a taxpayer who receives a final audit determination from DOR has 90 days to report to DOR any changes or corrections related to that determination. The bill increases the time for providing that report to 180 days.

Historic rehabilitation credit

The bill modifies the procedure for transferring the historic rehabilitation tax credit so that the person transferring the credit may file a claim for more than one taxable year.

Internal Revenue Code

The bill adopts for state income and franchise tax purposes various provisions of the federal Internal Revenue Code.

Medical care insurance subtraction

The bill eliminates obsolete provisions related to the medical care insurance subtraction for self-employed persons.

Payments from a retirement plan

Under current law, payments or distributions of \$5,000 or less received each year by an individual from a qualified retirement plan is exempt from income tax if the individual is at least 65 years of age and has income of less than \$15,000 if single or filing a tax return as head of household or less than \$30,000 if married. The bill changes the exemption to a subtraction that the taxpayer can choose not to claim if not claiming the subtraction would result in the taxpayer receiving a greater homestead credit.

SALES TAX***University of Wisconsin Hospitals and Clinics Authority***

This bill provides a sales and use tax exemption for tangible personal property sold to a construction contractor who transfers the property to the University of Wisconsin Hospitals and Clinics Authority as part of constructing a facility for the

ASSEMBLY BILL 2

authority in this state. A similar exemption applies under current law to property sold to a contractor who transfers the property to a local unit of government, technical college district, or institution or campus of the University of Wisconsin System. Under current law, a sale of tangible personal property directly to the University of Wisconsin Hospitals and Clinics Authority is exempt from the sales and use tax, but the exemption does not apply to a contractor who purchases tangible personal property on the authority's behalf.

Property transferred with services

Current law provides that persons providing landscaping, printing, fabricating, processing, or photographic services or performing services to tangible personal property may purchase for resale, without paying the sales tax, items that the person will transfer to a customer in conjunction with providing a service that is subject to the sales tax. The bill provides that the exemption applies regardless of whether the service is taxable.

Nonprofit organizations

The bill modifies the sales and use tax exemption for churches, religious organizations, and certain nonprofit organizations to conform with DOR's current practice with regard to the administration of the exemption. The bill provides that the exemption applies to organizations that are exempt from federal taxation under section 501 (c) (3) of the Internal Revenue Code and have received a determination letter for the Internal Revenue Service. The bill also provides that the exemption applies to churches and religious organizations that meet the requirements of section 501 (c) (3) of the Internal Revenue Code, but are not required to apply for or obtain tax-exempt status from the IRS.

Out-of-state retailer

Under current law, an out-of-state retailer that has annual gross sales into this state in excess of \$100,000 or 200 or more annual separate sales transactions into this state must register with DOR and collect the sales tax on those sales and transactions. The determination of the annual gross sales and transactions is based on the retailer's taxable year for federal income tax purposes.

Under the bill, an out-of-state retailer that has annual gross sales into this state in excess of \$100,000 in the previous or current calendar year must register with DOR and collect the sales tax on those sales.

Disclosure to state auditor

The bill allows the state auditor and Legislative Audit Bureau to examine sales and use tax returns and related documents to the extent necessary for the LAB to carry out its duties.

OTHER***Payments from counties to towns***

Under current law, during the period beginning on the third Monday of March and ending 10 days after the annual town meeting, a county treasurer may not pay to a town treasurer any money that belongs to the town and that is in the hands of

ASSEMBLY BILL 2

the county treasurer except upon a written order of the town board. The bill eliminates this restriction.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the state and local 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:

1 **SECTION 1.** 48.561 (3) (a) 3. of the statutes is amended to read:

2 48.561 (3) (a) 3. Through a deduction of \$20,101,300 from any state payment
3 due that county under s. ~~79.035, 79.04, or 79.08~~ 79.02 (1), as provided in par. (b).

4 **SECTION 2.** 48.561 (3) (b) of the statutes is amended to read:

5 48.561 (3) (b) The department of administration shall collect the amount
6 specified in par. (a) 3. from a county having a population of 750,000 or more by
7 deducting all or part of that amount from any state payment due that county under
8 s. ~~79.035, 79.04, or 79.08~~ 79.02 (1). The department of administration shall notify
9 the department of revenue, by September 15 of each year, of the amount to be
10 deducted from the state payments due under s. ~~79.035, 79.04, or 79.08~~ 79.02 (1). The
11 department of administration shall credit all amounts collected under this
12 paragraph to the appropriation account under s. 20.437 (1) (kw) and shall notify the
13 county from which those amounts are collected of that collection. The department
14 may not expend any moneys from the appropriation account under s. 20.437 (1) (cx)
15 for providing services to children and families under s. 48.48 (17) until the amounts
16 in the appropriation account under s. 20.437 (1) (kw) are exhausted.

17 **SECTION 3.** 59.25 (3) (i) of the statutes is amended to read:

ASSEMBLY BILL 2**SECTION 3**

1 59.25 (3) (i) Make annually, on the 3rd Monday of March, a certified statement,
2 and forward the statement to each municipal clerk in the county, showing the
3 amount of money paid from the county treasury during the year next preceding to
4 each municipal treasurer in the county. The statement shall specify the date of each
5 payment, the amount thereof and the account upon which the payment was made.
6 ~~It shall be unlawful for any county treasurer to pay to the treasurer of any town any~~
7 ~~money in the hands of the county treasurer belonging to the town from the 3rd~~
8 ~~Monday of March until 10 days after the annual town meeting except upon the~~
9 ~~written order of the town board.~~

10 **SECTION 4.** 66.0602 (3) (h) 2. a. of the statutes is amended to read:

11 66.0602 (3) (h) 2. a. The total charges assessed by the joint fire department or
12 the joint emergency medical services district for the current year increase, relative
13 to the total charges assessed by the joint fire department or the joint emergency
14 medical services district for the previous year, by a percentage that is less than or
15 equal to the percentage change in the U.S. consumer price index for all urban
16 consumers, U.S. city average, as determined by the U.S. department of labor, for the
17 12 months ending on ~~September 30~~ August 31 of the year of the levy, plus 2 percent.

18 **SECTION 5.** 66.0602 (6) (a) of the statutes is amended to read:

19 66.0602 (6) (a) Reduce the amount of ~~county and municipal aid payments~~ the
20 payment to the political subdivision under s. ~~79.035~~ 79.02 (1) in the following year
21 by an amount equal to the amount of the penalized excess.

22 **SECTION 6.** 66.0602 (6) (b) of the statutes is amended to read:

23 66.0602 (6) (b) Ensure that the amount of any reductions in ~~county and~~
24 ~~municipal aid~~ payments under par. (a) lapses to the general fund.

25 **SECTION 7.** 66.1105 (6m) (d) 4. of the statutes is amended to read:

ASSEMBLY BILL 2

1 66.1105 (6m) (d) 4. If an annual report is not timely filed under par. (c), the
2 department of revenue shall notify the city that the report is past due. If the city does
3 not file the report within 60 days of the date on the notice, except as provided in this
4 subdivision, the department shall charge the city a fee of \$100 per day for each day
5 that the report is past due, up to a maximum penalty of \$6,000 per report. If the city
6 does not pay within 30 days of issuance, the department of revenue shall reduce and
7 withhold the amount of the shared revenue payments to the city under ~~subch. I of~~
8 ~~ch. 79 s. 79.02 (1)~~, in the following year, by an amount equal to the unpaid penalty.

9 **SECTION 8.** 70.11 (4) (b) 3. of the statutes is created to read:

10 70.11 (4) (b) 3. Leasing all or part of property described in par. (a) that is owned
11 by a church or religious association or institution to an educational association or
12 institution exempt under par. (a) does not render the property taxable, regardless of
13 how the lessor uses the leasehold income.

14 **SECTION 9.** 70.46 (4) of the statutes is amended to read:

15 70.46 (4) No board of review may be constituted unless it ~~includes at least one~~
16 ~~voting member who, within 2 years of the board's first meeting, has attended all~~
17 ~~members complete in each year a training session under s. 73.03 (55) and unless that~~
18 ~~member is the municipality's chief executive officer or that officer's designee. All but~~
19 ~~one member of the board may satisfy the training requirement under this subsection~~
20 ~~by participating in the training electronically. At least one member shall attend~~
21 ~~training in-person each year.~~ The municipal clerk shall provide an affidavit to the
22 department of revenue stating whether the requirement under this subsection has
23 been fulfilled.

24 **SECTION 10.** 70.855 (4) (b) of the statutes is amended to read:

ASSEMBLY BILL 2**SECTION 10**

1 70.855 (4) (b) If the department of revenue does not receive the fee imposed on
2 a municipality under par. (a) by March 31 of the year following the department's
3 determination under sub. (2) (b), the department shall reduce the distribution made
4 to the municipality under s. 79.02 ~~(2) (b)~~ (1) by the amount of the fee and shall
5 transfer that amount to the appropriation under s. 20.566 (2) (ga).

6 **SECTION 11.** 70.995 (8) (c) 1. of the statutes is amended to read:

7 70.995 (8) (c) 1. All objections to the amount, valuation, taxability, or change
8 from assessment under this section to assessment under s. 70.32 (1) of property shall
9 be first made in writing on a form prescribed by the department of revenue that
10 specifies that the objector shall set forth the reasons for the objection, the objector's
11 estimate of the correct assessment, and the basis under s. 70.32 (1) for the objector's
12 estimate of the correct assessment. An objection shall be filed with the state board
13 of assessors within the time prescribed in par. (b) 1. A ~~\$45~~ \$200 fee shall be paid when
14 the objection is filed unless a fee has been paid in respect to the same piece of property
15 and that appeal has not been finally adjudicated. The objection is not filed until the
16 fee is paid. Neither the state board of assessors nor the tax appeals commission may
17 waive the requirement that objections be in writing. Persons who own land and
18 improvements to that land may object to the aggregate value of that land and
19 improvements to that land, but no person who owns land and improvements to that
20 land may object only to the valuation of that land or only to the valuation of
21 improvements to that land.

22 **SECTION 12.** 70.995 (8) (d) of the statutes is amended to read:

23 70.995 (8) (d) A municipality may file an objection with the state board of
24 assessors to the amount, valuation, or taxability under this section or to the change
25 from assessment under this section to assessment under s. 70.32 (1) of a specific

ASSEMBLY BILL 2

1 property having a situs in the municipality, whether or not the owner of the specific
2 property in question has filed an objection. Objection shall be made on a form
3 prescribed by the department and filed with the board within the time prescribed in
4 par. (b) 1. If the person assessed files an objection and the municipality affected does
5 not file an objection, the municipality affected may file an appeal to that objection
6 within 15 days after the person's objection is filed. A \$45 \$200 filing fee shall be paid
7 when the objection is filed unless a fee has been paid in respect to the same piece of
8 property and that appeal has not been finally adjudicated. The objection is not filed
9 until the fee is paid. The board shall forthwith notify the person assessed of the
10 objection filed by the municipality.

11 **SECTION 13.** 70.995 (14) (b) of the statutes is amended to read:

12 70.995 (14) (b) If the department of revenue does not receive the fee imposed
13 on a municipality under par. (a) by March 31 of each year, the department shall
14 reduce the distribution made to the municipality under s. 79.02 ~~(2)~~ ~~(b)~~ (1) by the
15 amount of the fee.

16 **SECTION 14.** 71.01 (6) (c), (d), (e), (f), (g), (h) and (i) of the statutes are repealed.

17 **SECTION 15.** 71.01 (6) (j) 3. m. of the statutes is created to read:

18 71.01 (6) (j) 3. m. Sections 101 (m), (n), (o), (p), and (q) and 104 (a) of division
19 U of P.L. 115-141.

20 **SECTION 16.** 71.01 (6) (j) 3. n. of the statutes is created to read:

21 71.01 (6) (j) 3. n. Section 102 of division M and sections 110, 111, and 116 (b)
22 of division O of P.L. 116-94.

23 **SECTION 17.** 71.01 (6) (k) 3. of the statutes is amended to read:

24 71.01 (6) (k) 3. For purposes of this paragraph, "Internal Revenue Code" does
25 not include amendments to the federal Internal Revenue Code enacted after

ASSEMBLY BILL 2**SECTION 17**

1 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
2 11025, and 13543 of P.L. 115-97; sections 40307 and 40413 of P.L. 115-123; and
3 section 102 of division M and sections 110, 111, and 116 (b) of division O of P.L.
4 116-94.

5 **SECTION 18.** 71.01 (6) (L) 1. of the statutes is amended to read:

6 71.01 (6) (L) 1. For taxable years beginning after December 31, 2017, and
7 before January 1, 2021, for individuals and fiduciaries, except fiduciaries of nuclear
8 decommissioning trust or reserve funds, “Internal Revenue Code” means the federal
9 Internal Revenue Code as amended to December 31, 2017, except as provided in
10 subds. 2. and 3. and s. 71.98 and subject to subd. 4.

11 **SECTION 19.** 71.01 (6) (L) 3. of the statutes is amended to read:

12 71.01 (6) (L) 3. For purposes of this paragraph, “Internal Revenue Code” does
13 not include amendments to the federal Internal Revenue Code enacted after
14 December 31, 2017, except that “Internal Revenue Code” includes sections 40307
15 and 40413 of P.L. 115-123; section 1203 of P.L. 116-25; section 102 of division M,
16 sections 108, 110, 111, 115, 116 (a) and (b), 204, 206, 302, and 601 of division O, section
17 1302 of division P, and sections 131, 202 (d), 204 (c), 205, and 301 of division Q of P.L.
18 116-94; section 2 (b) of P.L. 116-98; and sections 1106, 2202, 2203, 2204, 2205, 2206,
19 2307, 3608, 3609, 3701, and 3702 of division A of P.L. 116-136.

20 **SECTION 20.** 71.01 (6) (L) 4. of the statutes is amended to read:

21 71.01 (6) (L) 4. For purposes of this paragraph, the provisions of federal public
22 laws that directly or indirectly affect the Internal Revenue Code, as defined in this
23 paragraph, apply for Wisconsin purposes at the same time as for federal purposes,
24 except that changes made by P.L. 115-63 and sections 11026, 11027, 11028, 13207,

ASSEMBLY BILL 2

1 13306, 13307, 13308, 13311, 13312, 13501, 13705, 13821, and 13823 of P.L. 115-97
2 first apply for taxable years beginning after December 31, 2017.

3 **SECTION 21.** 71.01 (6) (m) of the statutes is created to read:

4 71.01 (6) (m) 1. For taxable years beginning after December 31, 2020, for
5 individuals and fiduciaries, except fiduciaries of nuclear decommissioning trust or
6 reserve funds, "Internal Revenue Code" means the federal Internal Revenue Code
7 as amended to December 31, 2019, except as provided in subds. 2. and 3. and s. 71.98
8 and subject to subd. 4.

9 2. For purposes of this paragraph, "Internal Revenue Code" does not include
10 the following provisions of federal public laws for taxable years beginning after
11 December 31, 2020: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
12 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
13 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
14 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
15 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
16 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
17 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
18 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
19 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
20 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
21 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
22 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to
23 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; sections 11011, 11012,
24 13201 (a) to (e) and (g), 13206, 13221, 13301, 13304 (a), (b), and (d), 13531, 13601,
25 13801, 14101, 14102, 14103, 14201, 14202, 14211, 14212, 14213, 14214, 14215,

ASSEMBLY BILL 2**SECTION 21**

1 14221, 14222, 14301, 14302, 14304, and 14401 of P.L. 115-97; sections 40304, 40305,
2 40306, and 40412 of P.L. 115-123; section 101 (c) of division T of P.L. 115-141;
3 sections 101 (d) and (e), 102, 201 to 207, 301, 302, and 401 (a) (47) and (195), (b) (13),
4 (17), (22) and (30), and (d) (1) (D) (v), (vi), and (xiii) and (xvii) (II) of division U of P.L.
5 115-141; and section 301 of division O and sections 101, 102, 103, 104, 114, 115, 116,
6 117, 118, 130, 132, and 145 of division Q of P.L. 116-94.

7 3. For purposes of this paragraph, "Internal Revenue Code" does not include
8 amendments to the federal Internal Revenue Code enacted after December 31, 2019,
9 except that "Internal Revenue Code" includes sections 7001, 7002, 7003, 7004, and
10 7005 of division G of P.L. 116-127 and sections 1106, 2201, 2202, 2203, 2204, 2205,
11 2206, 2301, 2302, 2303, 2305, 2307, 2308, 3606, 3608, 3609, 3701, 3702, and 4007 of
12 division A of P.L. 116-136.

13 4. For purposes of this paragraph, the provisions of federal public laws that
14 directly or indirectly affect the Internal Revenue Code, as defined in this paragraph,
15 apply for Wisconsin purposes at the same time as for federal purposes, except that
16 changes made by section 13516 of P.L. 115-97, sections 20101, 20102, 20104, 20201,
17 40201, 40202, 40203, 40308, 40309, 40311, 40414, 41101, 41107, 41115, and 41116
18 of P.L. 115-123, section 101 (a), (b), and (h) of division U of P.L. 115-141, section 1122
19 of P.L. 116-92, sections 201, 202, and 204 (a) and (b) of division Q of P.L. 116-94, and
20 section 2 of P.L. 116-98 apply for taxable years beginning after December 31, 2020.

21 **SECTION 22.** 71.01 (7g) of the statutes is created to read:

22 71.01 (7g) For purposes of s. 71.01 (6) (b), 2013 stats., "Internal Revenue Code"
23 includes section 109 of division U of P.L. 115-141.

24 **SECTION 23.** 71.05 (1) (ae) of the statutes is repealed.

25 **SECTION 24.** 71.05 (1) (am) of the statutes is amended to read:

ASSEMBLY BILL 2

1 71.05 (1) (am) *Military retirement systems*. All retirement payments received
2 from the U.S. military employee retirement system, to the extent that such payments
3 are not exempt under par. (a) ~~or (ae)~~ or sub. (6) (b) 54.

4 **SECTION 25.** 71.05 (1) (an) of the statutes is amended to read:

5 71.05 (1) (an) *Uniformed services retirement benefits*. All retirement payments
6 received from the U.S. government that relate to service with the coast guard, the
7 commissioned corps of the national oceanic and atmospheric administration, or the
8 commissioned corps of the public health service, to the extent that such payments are
9 not exempt under par. (a), ~~(ae)~~, or (am) or sub. (6) (b) 54.

10 **SECTION 26.** 71.05 (6) (b) 4. of the statutes is renumbered 71.05 (6) (b) 4. (intro.)
11 and amended to read:

12 71.05 (6) (b) 4. (intro.) Disability payments other than disability payments that
13 are paid from a retirement plan, the payments from which are exempt under sub-
14 subs. (1) (ae), (am), and (an) and (6) (b) 54, if the individual either is single or is
15 married and files a joint return, ~~to the extent those payments are excludable under~~
16 ~~section 105 (d) of the Internal Revenue Code as it existed immediately prior to its~~
17 ~~repeal in 1983 by section 122 (b) of P.L. 98-21, except that if an individual is divorced~~
18 ~~during the taxable year that individual may subtract an amount only if that person~~
19 ~~is disabled and the amount that may be subtracted then is \$100 for each week that~~
20 ~~payments are received or the amount of disability pay reported as income, whichever~~
21 ~~is less. If the exclusion under this subdivision is claimed on a joint return and only~~
22 ~~one of the spouses is disabled, the maximum exclusion is \$100 for each week that~~
23 ~~payments are received or the amount of disability pay reported as income, whichever~~
24 ~~is less. and is under 65 years of age before the close of the taxable year to which the~~
25 subtraction relates, retired on disability, and, when the individual retired, was

ASSEMBLY BILL 2**SECTION 26**

1 permanently and totally disabled. In this subdivision, “permanently and totally
2 disabled” means an individual who is unable to engage in any substantial gainful
3 activity by reason of any medically determinable physical or mental impairment that
4 can be expected to result in death or which has lasted or can be expected to last for
5 a continuous period of not less than 12 months. An individual shall not be considered
6 permanently and totally disabled for purposes of this subdivision unless proof is
7 furnished in such form and manner, and at such times, as prescribed by the
8 department. The exclusion under this subdivision shall be determined as follows:

9 **SECTION 27.** 71.05 (6) (b) 4. a. to c. of the statutes are created to read:

10 71.05 **(6)** (b) 4. a. If the individual is single and the individual’s federal adjusted
11 gross income in the year to which the subtraction relates is less than \$20,200, the
12 maximum subtraction is \$100 for each week that payments are received or the
13 amount of disability pay reported as income, whichever is less.

14 b. If the individual is married and filing a joint return and the couple’s federal
15 adjusted gross income in the year to which the subtraction relates is less than
16 \$20,200, or \$25,400 if both spouses are disabled, the maximum subtraction is \$100
17 for each week that payments are received, per spouse if both spouses are disabled,
18 or the amount of disability pay reported as income, whichever is less.

19 c. If the federal adjusted gross income of the individual, or individuals if filing
20 a joint return, for the taxable year, determined without regard to this subd. 4.,
21 exceeds \$15,000, the amount subtracted under this subd. 4. for the taxable year shall
22 be reduced by an amount equal to the excess of the federal adjusted gross income over
23 \$15,000.

24 **SECTION 28.** 71.05 (6) (b) 17. and 18. of the statutes are repealed.

25 **SECTION 29.** 71.05 (6) (b) 19. c. of the statutes is amended to read:

ASSEMBLY BILL 2

1 71.05 (6) (b) 19. c. For taxable years beginning before January 1, 2021, for a
2 person who is a nonresident or a part-year resident of this state, modify the amount
3 calculated under subd. 19. b. by multiplying the amount by a fraction the numerator
4 of which is the person's net earnings from a trade or business that are taxable by this
5 state and the denominator of which is the person's total net earnings from a trade
6 or business.

7 **SECTION 30.** 71.05 (6) (b) 19. cm. of the statutes is created to read:

8 71.05 (6) (b) 19. cm. For taxable years beginning after December 31, 2020, for
9 a person who is a nonresident or a part-year resident of this state, modify the amount
10 calculated under subd. 19. b. by multiplying the amount by a fraction the numerator
11 of which is the person's wages, salary, tips, unearned income, and net earnings from
12 a trade or business that are taxable by this state and the denominator of which is the
13 person's total wages, salary, tips, unearned income, and net earnings from a trade
14 or business. In this subd. 19. cm., for married persons filing separately "wages,
15 salary, tips, unearned income, and net earnings from a trade or business" means the
16 separate wages, salary, tips, unearned income, and net earnings from a trade or
17 business of each spouse, and for married persons filing jointly "wages, salary, tips,
18 unearned income, and net earnings from a trade or business" means the total wages,
19 salary, tips, unearned income, and net earnings from a trade or business of both
20 spouses.

21 **SECTION 31.** 71.05 (6) (b) 19. d. of the statutes is amended to read:

22 71.05 (6) (b) 19. d. ~~Reduce~~ For taxable years beginning before January 1, 2021,
23 reduce the amount calculated under subd. 19. b. or c. to the person's aggregate net
24 earnings from a trade or business that are taxable by this state.

25 **SECTION 32.** 71.05 (6) (b) 19. dm. of the statutes is created to read:

ASSEMBLY BILL 2**SECTION 32**

1 71.05 (6) (b) 19. dm. For taxable years beginning after December 31, 2020,
2 reduce the amount calculated under subd. 19. b. or cm. to the person's aggregate
3 wages, salary, tips, unearned income, and net earnings from a trade or business that
4 are taxable by this state.

5 **SECTION 33.** 71.05 (6) (b) 20., 36., 37., 39., 40. and 41. of the statutes are
6 repealed.

7 **SECTION 34.** 71.05 (6) (b) 54. of the statutes is created to read:

8 71.05 (6) (b) 54. Except for a payment that is exempt under sub. (1) (a), (am),
9 or (an), or that is exempt as a railroad retirement benefit, for taxable years beginning
10 after December 31, 2019, up to \$5,000 of payments or distributions received each
11 year by an individual from a qualified retirement plan under the Internal Revenue
12 Code or from an individual retirement account established under 26 USC 408, if all
13 of the following conditions apply:

14 a. The individual is at least 65 years of age before the close of the taxable year
15 to which the exemption claim relates.

16 b. If the individual is single or files as head of household, his or her federal
17 adjusted gross income in the year to which the exemption claim relates is less than
18 \$15,000.

19 c. If the individual is married and is a joint filer, the couple's federal adjusted
20 gross income in the year to which the exemption claim relates is less than \$30,000.

21 d. If the individual is married and files a separate return, the sum of both
22 spouses' federal adjusted gross income in the year to which the exemption claim
23 relates is less than \$30,000.

24 **SECTION 35.** 71.07 (5) (a) 15. of the statutes is amended to read:

ASSEMBLY BILL 2

1 71.07 (5) (a) 15. The amount claimed as a deduction for medical care insurance
2 under section 213 of the Internal Revenue Code that is exempt from taxation under
3 s. 71.05 (6) (b) ~~17. to 20. 19., 35., 36., 37., 38., 39., 40., 41.,~~ and 42. and the amount
4 claimed as a deduction for a long-term care insurance policy under section 213 (d)
5 (1) (D) of the Internal Revenue Code, as defined in section 7702B (b) of the Internal
6 Revenue Code that is exempt from taxation under s. 71.05 (6) (b) 26.

7 **SECTION 36.** 71.07 (9m) (h) of the statutes is amended to read:

8 71.07 (9m) (h) Any person, including a nonprofit entity described in section 501
9 (c) (3) of the Internal Revenue Code, may sell or otherwise transfer the credit under
10 par. (a) 2m. or 3., in whole or in part, to another person who is subject to the taxes
11 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the
12 transfer, and submits with the notification a copy of the transfer documents, and the
13 department certifies ownership of the credit with each transfer. The transferor may
14 file a claim for more than one taxable year on a form prescribed by the department
15 to compute all years of the credit under par. (a) 2m. or 3., at the time of the transfer
16 request. The transferee may first use the credit to offset tax in the taxable year of
17 the transferor in which the transfer occurs and may use the credit only to offset tax
18 in taxable years otherwise allowed to be claimed and carried forward by the original
19 claimant.

20 **SECTION 37.** 71.22 (4) (c), (d), (e), (f), (g), (h) and (i) of the statutes are repealed.

21 **SECTION 38.** 71.22 (4) (j) 3. m. of the statutes is created to read:

22 71.22 (4) (j) 3. m. Sections 101 (m), (n), (o), (p), and (q) and 104 (a) of division
23 U of P.L. 115-141.

24 **SECTION 39.** 71.22 (4) (j) 3. n. of the statutes is created to read:

ASSEMBLY BILL 2**SECTION 39**

1 71.22 (4) (j) 3. n. Section 102 of division M and sections 110, 111, and 116 (b)
2 of division O of P.L. 116-94.

3 **SECTION 40.** 71.22 (4) (k) 3. of the statutes is amended to read:

4 71.22 (4) (k) 3. For purposes of this paragraph, “Internal Revenue Code” does
5 not include amendments to the federal Internal Revenue Code enacted after
6 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
7 11025, and 13543 of P.L. 115-97; sections 40307 and 40413 of P.L. 115-123; and
8 section 102 of division M and sections 110, 111, and 116 (b) of division O of P.L.
9 116-94.

10 **SECTION 41.** 71.22 (4) (L) 1. of the statutes is amended to read:

11 71.22 (4) (L) 1. For taxable years beginning after December 31, 2017, and
12 before January 1, 2021, “Internal Revenue Code” means the federal Internal
13 Revenue Code as amended to December 31, 2017, except as provided in subds. 2. and
14 3. and subject to subd. 4., and except as provided in sub. (4m) and ss. 71.26 (2) (b) and
15 (3), 71.34 (1g), 71.42 (2), and 71.98.

16 **SECTION 42.** 71.22 (4) (L) 3. of the statutes is amended to read:

17 71.22 (4) (L) 3. For purposes of this paragraph, “Internal Revenue Code” does
18 not include amendments to the federal Internal Revenue Code enacted after
19 December 31, 2017, except that “Internal Revenue Code” includes sections 40307
20 and 40413 of P.L. 115-123; section 1203 of P.L. 116-25; section 102 of division M,
21 sections 108, 110, 111, 115, 116 (a) and (b), 204, 206, 302, and 601 of division O, section
22 1302 of division P, and sections 131, 202 (d), 204 (c), 205, and 301 of division Q of P.L.
23 116-94; section 2 (b) of P.L. 116-98; and sections 1106, 2202, 2203, 2204, 2205, 2206,
24 2307, 3608, 3609, 3701, and 3702 of division A of P.L. 116-136.

25 **SECTION 43.** 71.22 (4) (L) 4. of the statutes is amended to read:

ASSEMBLY BILL 2

1 71.22 (4) (L) 4. For purposes of this paragraph, the provisions of federal public
2 laws that directly or indirectly affect the Internal Revenue Code, as defined in this
3 paragraph, apply for Wisconsin purposes at the same time as for federal purposes,
4 except that changes made by P.L. 115-63 and sections 11026, 11027, 11028, 13207,
5 13306, 13307, 13308, 13311, 13312, 13501, 13705, 13821, and 13823 of P.L. 115-97
6 first apply for taxable years beginning after December 31, 2017.

7 **SECTION 44.** 71.22 (4) (m) of the statutes is created to read:

8 71.22 (4) (m) 1. For taxable years beginning after December 31, 2020, “Internal
9 Revenue Code” means the federal Internal Revenue Code as amended to December
10 31, 2019, except as provided in subds. 2. and 3. and subject to subd. 4., and except
11 as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34 (1g), 71.42 (2), and 71.98.

12 2. For purposes of this paragraph, “Internal Revenue Code” does not include
13 the following provisions of federal public laws for taxable years beginning after
14 December 31, 2020: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
15 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
16 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
17 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
18 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
19 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
20 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
21 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
22 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
23 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
24 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
25 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to

ASSEMBLY BILL 2**SECTION 44**

1 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; sections 11011, 11012,
2 13201 (a) to (e) and (g), 13206, 13221, 13301, 13304 (a), (b), and (d), 13531, 13601,
3 13801, 14101, 14102, 14103, 14201, 14202, 14211, 14212, 14213, 14214, 14215,
4 14221, 14222, 14301, 14302, 14304, and 14401 of P.L. 115-97; sections 40304, 40305,
5 40306, and 40412 of P.L. 115-123; section 101 (c) of division T of P.L. 115-141;
6 sections 101 (d) and (e), 102, 201 to 207, 301, 302, and 401 (a) (47) and (195), (b) (13),
7 (17), (22) and (30), and (d) (1) (D) (v), (vi), and (xiii) and (xvii) (II) of division U of P.L.
8 115-141; and section 301 of division O and sections 101, 102, 103, 104, 114, 115, 116,
9 117, 118, 130, 132, and 145 of division Q of P.L. 116-94.

10 3. For purposes of this paragraph, "Internal Revenue Code" does not include
11 amendments to the federal Internal Revenue Code enacted after December 31, 2019,
12 except that "Internal Revenue Code" includes sections 7001, 7002, 7003, 7004, and
13 7005 of division G of P.L. 116-127 and sections 1106, 2201, 2202, 2203, 2204, 2205,
14 2206, 2301, 2302, 2303, 2305, 2307, 2308, 3606, 3608, 3609, 3701, 3702, and 4007 of
15 division A of P.L. 116-136.

16 4. For purposes of this paragraph, the provisions of federal public laws that
17 directly or indirectly affect the Internal Revenue Code, as defined in this paragraph,
18 apply for Wisconsin purposes at the same time as for federal purposes, except that
19 changes made by section 13516 of P.L. 115-97, sections 20101, 20102, 20104, 20201,
20 40201, 40202, 40203, 40308, 40309, 40311, 40414, 41101, 41107, 41115, and 41116
21 of P.L. 115-123, section 101 (a), (b), and (h) of division U of P.L. 115-141, section 1122
22 of P.L. 116-92, sections 201, 202, and 204 (a) and (b) of division Q of P.L. 116-94, and
23 section 2 of P.L. 116-98 apply for taxable years beginning after December 31, 2020.

24 **SECTION 45.** 71.22 (4m) (c), (d), (e), (f), (g), (h) and (i) of the statutes are repealed.

25 **SECTION 46.** 71.22 (4m) (j) 3. m. of the statutes is created to read:

ASSEMBLY BILL 2

1 71.22 (4m) (j) 3. m. Sections 101 (m), (n), (o), (p), and (q) and 104 (a) of division
2 U of P.L. 115-141.

3 **SECTION 47.** 71.22 (4m) (j) 3. n. of the statutes is created to read:

4 71.22 (4m) (j) 3. n. Section 102 of division M and sections 110, 111, and 116 (b)
5 of division O of P.L. 116-94.

6 **SECTION 48.** 71.22 (4m) (k) 3. of the statutes is amended to read:

7 71.22 (4m) (k) 3. For purposes of this paragraph, “Internal Revenue Code” does
8 not include amendments to the federal Internal Revenue Code enacted after
9 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
10 11025, and 13543 of P.L. 115-97; sections 40307 and 40413 of P.L. 115-123; and
11 section 102 of division M and sections 110, 111, and 116 (b) of division O of P.L.
12 116-94.

13 **SECTION 49.** 71.22 (4m) (L) 1. of the statutes is amended to read:

14 71.22 (4m) (L) 1. For taxable years beginning after December 31, 2017, and
15 before January 1, 2021, “Internal Revenue Code”, for corporations that are subject
16 to a tax on unrelated business income under s. 71.26 (1) (a), means the federal
17 Internal Revenue Code as amended to December 31, 2017, except as provided in
18 subds. 2. and 3. and s. 71.98 and subject to subd. 4.

19 **SECTION 50.** 71.22 (4m) (L) 3. of the statutes is amended to read:

20 71.22 (4m) (L) 3. For purposes of this paragraph, “Internal Revenue Code” does
21 not include amendments to the federal Internal Revenue Code enacted after
22 December 31, 2017, except that “Internal Revenue Code” includes sections 40307
23 and 40413 of P.L. 115-123; section 1203 of P.L. 116-25; section 102 of division M,
24 sections 108, 110, 111, 115, 116 (a) and (b), 204, 206, 302, and 601 of division O, section
25 1302 of division P, and sections 131, 202 (d), 204 (c), 205, and 301 of division Q of P.L.

ASSEMBLY BILL 2**SECTION 50**

1 116-94; section 2 (b) of P.L. 116-98; and sections 1106, 2202, 2203, 2204, 2205, 2206,
2 2307, 3608, 3609, 3701, and 3702 of division A of P.L. 116-136.

3 **SECTION 51.** 71.22 (4m) (L) 4. of the statutes is amended to read:

4 71.22 (4m) (L) 4. For purposes of this paragraph, the provisions of federal
5 public laws that directly or indirectly affect the Internal Revenue Code, as defined
6 in this paragraph, apply for Wisconsin purposes at the same time as for federal
7 purposes, except that changes made by P.L. 115-63 and sections 11026, 11027, 11028,
8 13207, 13306, 13307, 13308, 13311, 13312, 13501, 13705, 13821, and 13823 of P.L.
9 115-97 first apply for taxable years beginning after December 31, 2017.

10 **SECTION 52.** 71.22 (4m) (m) of the statutes is created to read:

11 71.22 (4m) (m) 1. For taxable years beginning after December 31, 2020,
12 “Internal Revenue Code,” for corporations that are subject to a tax on unrelated
13 business income under s. 71.26 (1) (a), means the federal Internal Revenue Code as
14 amended to December 31, 2019, except as provided in subds. 2. and 3. and s. 71.98
15 and subject to subd. 4.

16 2. For purposes of this paragraph, “Internal Revenue Code” does not include
17 the following provisions of federal public laws for taxable years beginning after
18 December 31, 2020: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
19 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
20 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
21 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
22 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
23 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
24 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
25 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.

ASSEMBLY BILL 2

1 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
2 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
3 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
4 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to
5 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; sections 11011, 11012,
6 13201 (a) to (e) and (g), 13206, 13221, 13301, 13304 (a), (b), and (d), 13531, 13601,
7 13801, 14101, 14102, 14103, 14201, 14202, 14211, 14212, 14213, 14214, 14215,
8 14221, 14222, 14301, 14302, 14304, and 14401 of P.L. 115-97; sections 40304, 40305,
9 40306, and 40412 of P.L. 115-123; section 101 (c) of division T of P.L. 115-141;
10 sections 101 (d) and (e), 102, 201 to 207, 301, 302, and 401 (a) (47) and (195), (b) (13),
11 (17), (22) and (30), and (d) (1) (D) (v), (vi), and (xiii) and (xvii) (II) of division U of P.L.
12 115-141; and section 301 of division O and sections 101, 102, 103, 104, 114, 115, 116,
13 117, 118, 130, 132, and 145 of division Q of P.L. 116-94.

14 3. For purposes of this paragraph, "Internal Revenue Code" does not include
15 amendments to the federal Internal Revenue Code enacted after December 31, 2019,
16 except that "Internal Revenue Code" includes sections 7001, 7002, 7003, 7004, and
17 7005 of division G of P.L. 116-127 and sections 1106, 2201, 2202, 2203, 2204, 2205,
18 2206, 2301, 2302, 2303, 2305, 2307, 2308, 3606, 3608, 3609, 3701, 3702, and 4007 of
19 division A of P.L. 116-136.

20 4. For purposes of this paragraph, the provisions of federal public laws that
21 directly or indirectly affect the Internal Revenue Code, as defined in this paragraph,
22 apply for Wisconsin purposes at the same time as for federal purposes, except that
23 changes made by section 13516 of P.L. 115-97, sections 20101, 20102, 20104, 20201,
24 40201, 40202, 40203, 40308, 40309, 40311, 40414, 41101, 41107, 41115, and 41116
25 of P.L. 115-123, section 101 (a), (b), and (h) of division U of P.L. 115-141, section 1122

ASSEMBLY BILL 2**SECTION 52**

1 of P.L. 116-92, sections 201, 202, and 204 (a) and (b) of division Q of P.L. 116-94, and
2 section 2 of P.L. 116-98 apply for taxable years beginning after December 31, 2020.

3 **SECTION 53.** 71.22 (5g) of the statutes is created to read:

4 71.22 (5g) For purposes of s. 71.22 (4) (b) and (4m) (b), 2013 stats., “Internal
5 Revenue Code” includes section 109 of division U of P.L. 115-141.

6 **SECTION 54.** 71.26 (2) (b) 3., 4., 5., 6., 7., 8. and 9. of the statutes are repealed.

7 **SECTION 55.** 71.26 (2) (b) 10. d. of the statutes is amended to read:

8 71.26 (2) (b) 10. d. For purposes of subd. 10. a., “Internal Revenue Code” does
9 not include amendments to the federal Internal Revenue Code enacted after
10 December 31, 2013, except that “Internal Revenue Code” includes the provisions of
11 P.L. 113-97, P.L. 113-159, P.L. 113-168, section 302901 of P.L. 113-287, sections 171,
12 172, and 201 to 221 of P.L. 113-295, sections 102, 105, and 207 of division B of P.L.
13 113-295, P.L. 114-14, P.L. 114-26, section 2004 of P.L. 114-41, sections 503 and 504
14 of P.L. 114-74, sections 103, 104, 124, 168, 184, 185, 190, 204, 303, 306, 336, and 341
15 of division Q of P.L. 114-113, and P.L. 114-239; sections 101 (m), (n), (o), (p), and (q)
16 and 104 (a) of division U of P.L. 115-141; and section 102 of division M and sections
17 110, 111, and 116 (b) of division O of P.L. 116-94.

18 **SECTION 56.** 71.26 (2) (b) 11. d. of the statutes is amended to read:

19 71.26 (2) (b) 11. d. For purposes of subd. 11. a., “Internal Revenue Code” does
20 not include amendments to the federal Internal Revenue Code enacted after
21 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
22 11025, and 13543 of P.L. 115-97, sections 40307 and 40413 of P.L. 115-123, and
23 section 102 of division M and sections 110, 111, and 116 (b) of division O of P.L.
24 116-94.

25 **SECTION 57.** 71.26 (2) (b) 12. a. of the statutes is amended to read:

ASSEMBLY BILL 2

1 71.26 (2) (b) 12. a. For taxable years beginning after December 31, 2017, and
2 before January 1, 2021, for a corporation, conduit, or common law trust which
3 qualifies as a regulated investment company, real estate mortgage investment
4 conduit, real estate investment trust, or financial asset securitization investment
5 trust under the Internal Revenue Code, “net income” means the federal regulated
6 investment company taxable income, federal real estate mortgage investment
7 conduit taxable income, federal real estate investment trust or financial asset
8 securitization investment trust taxable income of the corporation, conduit, or trust
9 as determined under the Internal Revenue Code.

10 **SECTION 58.** 71.26 (2) (b) 12. d. of the statutes is amended to read:

11 71.26 (2) (b) 12. d. For purposes of subd. 12. a., “Internal Revenue Code” does
12 not include amendments to the federal Internal Revenue Code enacted after
13 December 31, 2017, except that “Internal Revenue Code” includes sections 40307
14 and 40413 of P.L. 115-123; section 1203 of P.L. 116-25; section 102 of division M,
15 sections 108, 110, 111, 115, 116 (a) and (b), 204, 206, 302, and 601 of division O, section
16 1302 of division P, and sections 131, 202 (d), 204 (c), 205, and 301 of division Q of P.L.
17 116-94; section 2 (b) of P.L. 116-98; and sections 1106, 2202, 2203, 2204, 2205, 2206,
18 2307, 3608, 3609, 3701, and 3702 of division A of P.L. 116-136.

19 **SECTION 59.** 71.26 (2) (b) 12. e. of the statutes is amended to read:

20 71.26 (2) (b) 12. e. For purposes of subd. 12. a., the provisions of federal public
21 laws that directly or indirectly affect the Internal Revenue Code, as defined in this
22 subdivision, apply for Wisconsin purposes at the same time as for federal purposes,
23 except that changes made by P.L. 115-63 and sections 11026, 11027, 11028, 13207,
24 13306, 13307, 13308, 13311, 13312, 13501, 13705, 13821, and 13823 of P.L. 115-97
25 first apply for taxable years beginning after December 31, 2017.

ASSEMBLY BILL 2**SECTION 60**

1 **SECTION 60.** 71.26 (2) (b) 13. of the statutes is created to read:

2 71.26 (2) (b) 13. a. For taxable years beginning after December 31, 2020, for a
3 corporation, conduit, or common law trust that qualifies as a regulated investment
4 company, real estate mortgage investment conduit, real estate investment trust, or
5 financial asset securitization investment trust under the Internal Revenue Code,
6 “net income” means the federal regulated investment company taxable income,
7 federal real estate mortgage investment conduit taxable income, federal real estate
8 investment trust, or financial asset securitization investment trust taxable income
9 of the corporation, conduit, or trust as determined under the Internal Revenue Code.

10 b. For purposes of subd. 13. a., “Internal Revenue Code” means the federal
11 Internal Revenue Code as amended to December 31, 2019, except as provided in
12 subd. 13. c. and d. and s. 71.98 and subject to subd. 13. e.

13 c. For purposes of subd. 13. a., “Internal Revenue Code” does not include the
14 following provisions of federal public laws for taxable years beginning after
15 December 31, 2020: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
16 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
17 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
18 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
19 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
20 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
21 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
22 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
23 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
24 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
25 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division

ASSEMBLY BILL 2

1 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to
2 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; sections 11011, 11012,
3 13201 (a) to (e) and (g), 13206, 13221, 13301, 13304 (a), (b), and (d), 13531, 13601,
4 13801, 14101, 14102, 14103, 14201, 14202, 14211, 14212, 14213, 14214, 14215,
5 14221, 14222, 14301, 14302, 14304, and 14401 of P.L. 115-97; sections 40304, 40305,
6 40306, and 40412 of P.L. 115-123; section 101 (c) of division T of P.L. 115-141;
7 sections 101 (d) and (e), 102, 201 to 207, 301, 302, and 401 (a) (47) and (195), (b) (13),
8 (17), (22) and (30), and (d) (1) (D) (v), (vi), and (xiii) and (xvii) (II) of division U of P.L.
9 115-141; and section 301 of division O and sections 101, 102, 103, 104, 114, 115, 116,
10 117, 118, 130, 132, and 145 of division Q of P.L. 116-94.

11 d. For purposes of subd. 13. a., "Internal Revenue Code" does not include
12 amendments to the federal Internal Revenue Code enacted after December 31, 2019,
13 except that "Internal Revenue Code" includes sections 7001, 7002, 7003, 7004, and
14 7005 of division G of P.L. 116-127 and sections 1106, 2201, 2202, 2203, 2204, 2205,
15 2206, 2301, 2302, 2303, 2305, 2307, 2308, 3606, 3608, 3609, 3701, 3702, and 4007 of
16 division A of P.L. 116-136.

17 e. For purposes of subd. 13. a., the provisions of federal public laws that directly
18 or indirectly affect the Internal Revenue Code, as defined in this subdivision, apply
19 for Wisconsin purposes at the same time as for federal purposes, except that changes
20 made by section 13516 of P.L. 115-97, sections 20101, 20102, 20104, 20201, 40201,
21 40202, 40203, 40308, 40309, 40311, 40414, 41101, 41107, 41115, and 41116 of P.L.
22 115-123, section 101 (a), (b), and (h) of division U of P.L. 115-141, section 1122 of P.L.
23 116-92, sections 201, 202, and 204 (a) and (b) of division Q of P.L. 116-94, and section
24 2 of P.L. 116-98 apply for taxable years beginning after December 31, 2020.

25 **SECTION 61.** 71.26 (2) (b) 14. of the statutes is created to read:

ASSEMBLY BILL 2

1 71.26 (2) (b) 14. For purposes of s. 71.26 (2) (b) 2., 2013 stats., “Internal Revenue
2 Code” includes section 109 of division U of P.L. 115-141.

3 **SECTION 62.** 71.28 (6) (h) of the statutes is amended to read:

4 71.28 (6) (h) Any person, including a nonprofit entity described in section 501
5 (c) (3) of the Internal Revenue Code, may sell or otherwise transfer the credit under
6 par. (a) 2m. or 3., in whole or in part, to another person who is subject to the taxes
7 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the
8 transfer, and submits with the notification a copy of the transfer documents, and the
9 department certifies ownership of the credit with each transfer. The transferor may
10 file a claim for more than one taxable year on a form prescribed by the department
11 to compute all years of the credit under par. (a) 2m. or 3., at the time of the transfer
12 request. The transferee may first use the credit to offset tax in the taxable year of the
13 transferor in which the transfer occurs, and may use the credit only to offset tax in
14 taxable years otherwise allowed to be claimed and carried forward by the original
15 claimant.

16 **SECTION 63.** 71.34 (1g) (c), (d), (e), (f), (g), (h) and (i) of the statutes are repealed.

17 **SECTION 64.** 71.34 (1g) (j) 3. m. of the statutes is created to read:

18 71.34 (1g) (j) 3. m. Sections 101 (m), (n), (o), (p), and (q) and 104 (a) of division
19 U of P.L. 115-141.

20 **SECTION 65.** 71.34 (1g) (j) 3. n. of the statutes is created to read:

21 71.34 (1g) (j) 3. n. Section 102 of division M and sections 110, 111, and 116 (b)
22 of division O of P.L. 116-94.

23 **SECTION 66.** 71.34 (1g) (k) 3. of the statutes is amended to read:

24 71.34 (1g) (k) 3. For purposes of this paragraph, “Internal Revenue Code” does
25 not include amendments to the federal Internal Revenue Code enacted after

ASSEMBLY BILL 2

1 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
2 11025, and 13543 of P.L. 115-97; sections 40307 and 40413 of P.L. 115-123; and
3 section 102 of division M and sections 110, 111, and 116 (b) of division O of P.L.
4 116-94.

5 **SECTION 67.** 71.34 (1g) (L) 1. of the statutes is amended to read:

6 71.34 (1g) (L) 1. For taxable years beginning after December 31, 2017, and
7 before January 1, 2021, for tax option corporations, “Internal Revenue Code” means
8 the federal Internal Revenue Code as amended to December 31, 2017, except as
9 provided in subds. 2., 3., and 5. and s. 71.98 and subject to subd. 4.

10 **SECTION 68.** 71.34 (1g) (L) 3. of the statutes is amended to read:

11 71.34 (1g) (L) 3. For purposes of this paragraph, “Internal Revenue Code” does
12 not include amendments to the federal Internal Revenue Code enacted after
13 December 31, 2017, except that “Internal Revenue Code” includes sections 40307
14 and 40413 of P.L. 115-123; section 1203 of P.L. 116-25; section 102 of division M,
15 sections 108, 110, 111, 115, 116 (a) and (b), 204, 206, 302, and 601 of division O, section
16 1302 of division P, and sections 131, 202 (d), 204 (c), 205, and 301 of division Q of P.L.
17 116-94; section 2 (b) of P.L. 116-98; and sections 1106, 2202, 2203, 2204, 2205, 2206,
18 2307, 3608, 3609, 3701, and 3702 of division A of P.L. 116-136.

19 **SECTION 69.** 71.34 (1g) (L) 4. of the statutes is amended to read:

20 71.34 (1g) (L) 4. For purposes of this paragraph, the provisions of federal public
21 laws that directly or indirectly affect the Internal Revenue Code, as defined in this
22 paragraph, apply for Wisconsin purposes at the same time as for federal purposes,
23 except that changes made by P.L. 115-63 and sections 11026, 11027, 11028, 13207,
24 13306, 13307, 13308, 13311, 13312, 13501, 13705, 13821, and 13823 of P.L. 115-97
25 first apply for taxable years beginning after December 31, 2017.

ASSEMBLY BILL 2**SECTION 70**

1 **SECTION 70.** 71.34 (1g) (m) of the statutes is created to read:

2 71.34 (1g) (m) 1. For taxable years beginning after December 31, 2020, for tax
3 option corporations, “Internal Revenue Code” means the federal Internal Revenue
4 Code as amended to December 31, 2019, except as provided in subds. 2., 3., and 5. and
5 s. 71.98 and subject to subd. 4.

6 2. For purposes of this paragraph, “Internal Revenue Code” does not include
7 the following provisions of federal public laws for taxable years beginning after
8 December 31, 2020: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
9 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
10 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
11 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
12 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
13 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
14 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
15 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
16 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
17 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and
18 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
19 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to
20 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; sections 11011, 11012,
21 13201 (a) to (e) and (g), 13206, 13221, 13301, 13304 (a), (b), and (d), 13531, 13601,
22 13801, 14101, 14102, 14103, 14201, 14202, 14211, 14212, 14213, 14214, 14215,
23 14221, 14222, 14301, 14302, 14304, and 14401 of P.L. 115-97; sections 40304, 40305,
24 40306, and 40412 of P.L. 115-123; section 101 (c) of division T of P.L. 115-141;
25 sections 101 (d) and (e), 102, 201 to 207, 301, 302, and 401 (a) (47) and (195), (b) (13),

ASSEMBLY BILL 2

1 (17), (22) and (30), and (d) (1) (D) (v), (vi), and (xiii) and (xvii) (II) of division U of P.L.
2 115-141; and section 301 of division O and sections 101, 102, 103, 104, 114, 115, 116,
3 117, 118, 130, 132, and 145 of division Q of P.L. 116-94.

4 3. For purposes of this paragraph, "Internal Revenue Code" does not include
5 amendments to the federal Internal Revenue Code enacted after December 31, 2019,
6 except that "Internal Revenue Code" includes sections 7001, 7002, 7003, 7004, and
7 7005 of division G of P.L. 116-127 and sections 1106, 2201, 2202, 2203, 2204, 2205,
8 2206, 2301, 2302, 2303, 2305, 2307, 2308, 3606, 3608, 3609, 3701, 3702, and 4007 of
9 division A of P.L. 116-136.

10 4. For purposes of this paragraph, the provisions of federal public laws that
11 directly or indirectly affect the Internal Revenue Code, as defined in this paragraph,
12 apply for Wisconsin purposes at the same time as for federal purposes, except that
13 changes made by section 13516 of P.L. 115-97, sections 20101, 20102, 20104, 20201,
14 40201, 40202, 40203, 40308, 40309, 40311, 40414, 41101, 41107, 41115, and 41116
15 of P.L. 115-123, section 101 (a), (b), and (h) of division U of P.L. 115-141, section 1122
16 of P.L. 116-92, sections 201, 202, and 204 (a) and (b) of division Q of P.L. 116-94, and
17 section 2 of P.L. 116-98 apply for taxable years beginning after December 31, 2020.

18 5. For purposes of this paragraph, section 1366 (f) of the Internal Revenue Code
19 (relating to pass-through of items to shareholders) is modified by substituting the
20 tax under s. 71.35 for the taxes under sections 1374 and 1375 of the Internal Revenue
21 Code.

22 **SECTION 71.** 71.34 (1u) of the statutes is created to read:

23 71.34 (1u) For purposes of s. 71.34 (1g) (b), 2013 stats., "Internal Revenue
24 Code" includes section 109 of division U of P.L. 115-141.

25 **SECTION 72.** 71.42 (2) (c), (d), (e), (f), (g), (h) and (i) of the statutes are repealed.

ASSEMBLY BILL 2**SECTION 73**

1 **SECTION 73.** 71.42 (2) (j) 3. m. of the statutes is created to read:

2 71.42 (2) (j) 3. m. Sections 101 (m), (n), (o), (p), and (q) and 104 (a) of division
3 U of P.L. 115-141.

4 **SECTION 74.** 71.42 (2) (j) 3. n. of the statutes is created to read:

5 71.42 (2) (j) 3. n. Section 102 of division M and sections 110, 111, and 116 (b)
6 of division O of P.L. 116-94.

7 **SECTION 75.** 71.42 (2) (k) 3. of the statutes is amended to read:

8 71.42 (2) (k) 3. For purposes of this paragraph, “Internal Revenue Code” does
9 not include amendments to the federal Internal Revenue Code enacted after
10 December 31, 2016, except that “Internal Revenue Code” includes sections 11024,
11 11025, and 13543 of P.L. 115-97; sections 40307 and 40413 of P.L. 115-123; and
12 section 102 of division M and sections 110, 111, and 116 (b) of division O of P.L.
13 116-94.

14 **SECTION 76.** 71.42 (2) (L) 1. of the statutes is amended to read:

15 71.42 (2) (L) 1. For taxable years beginning after December 31, 2017, and
16 before January 1, 2021, “Internal Revenue Code” means the federal Internal
17 Revenue Code as amended to December 31, 2017, except as provided in subds. 2. to
18 4. and s. 71.98 and subject to subd. 5.

19 **SECTION 77.** 71.42 (2) (L) 3. of the statutes is amended to read:

20 71.42 (2) (L) 3. For purposes of this paragraph, “Internal Revenue Code” does
21 not include amendments to the federal Internal Revenue Code enacted after
22 December 31, 2017, except that “Internal Revenue Code” includes sections 40307
23 and 40413 of P.L. 115-123; section 1203 of P.L. 116-25; section 102 of division M,
24 sections 108, 110, 111, 115, 116 (a) and (b), 204, 206, 302, and 601 of division O, section
25 1302 of division P, and sections 131, 202 (d), 204 (c), 205, and 301 of division Q of P.L.

ASSEMBLY BILL 2

1 116-94; section 2 (b) of P.L. 116-98; and sections 1106, 2202, 2203, 2204, 2205, 2206,
2 2307, 3608, 3609, 3701, and 3702 of division A of P.L. 116-136.

3 **SECTION 78.** 71.42 (2) (L) 5. of the statutes is amended to read:

4 71.42 (2) (L) 5. For purposes of this paragraph, the provisions of federal public
5 laws that directly or indirectly affect the Internal Revenue Code, as defined in this
6 paragraph, apply for Wisconsin purposes at the same time as for federal purposes,
7 except that changes made by P.L. 115-63 and sections 11026, 11027, 11028, 13207,
8 13306, 13307, 13308, 13311, 13312, 13501, 13705, 13821, and 13823 of P.L. 115-97
9 first apply for taxable years beginning after December 31, 2017.

10 **SECTION 79.** 71.42 (2) (m) of the statutes is created to read:

11 71.42 (2) (m) 1. For taxable years beginning after December 31, 2020, “Internal
12 Revenue Code” means the federal Internal Revenue Code as amended to December
13 31, 2019, except as provided in subds. 2. and 3. and s. 71.98 and subject to subd. 4.

14 2. For purposes of this paragraph, “Internal Revenue Code” does not include
15 the following provisions of federal public laws for taxable years beginning after
16 December 31, 2020: section 13113 of P.L. 103-66; sections 1, 3, 4, and 5 of P.L.
17 106-519; sections 101, 102, and 422 of P.L. 108-357; sections 1310 and 1351 of P.L.
18 109-58; section 11146 of P.L. 109-59; section 403 (q) of P.L. 109-135; section 513 of
19 P.L. 109-222; sections 104 and 307 of P.L. 109-432; sections 8233 and 8235 of P.L.
20 110-28; section 11 (e) and (g) of P.L. 110-172; section 301 of P.L. 110-245; section
21 15351 of P.L. 110-246; section 302 of division A, section 401 of division B, and sections
22 312, 322, 502 (c), 707, and 801 of division C of P.L. 110-343; sections 1232, 1241, 1251,
23 1501, and 1502 of division B of P.L. 111-5; sections 211, 212, 213, 214, and 216 of P.L.
24 111-226; sections 2011 and 2122 of P.L. 111-240; sections 753, 754, and 760 of P.L.
25 111-312; section 1106 of P.L. 112-95; sections 104, 318, 322, 323, 324, 326, 327, and

ASSEMBLY BILL 2**SECTION 79**

1 411 of P.L. 112-240; P.L. 114-7; section 1101 of P.L. 114-74; section 305 of division
2 P of P.L. 114-113; sections 123, 125 to 128, 143, 144, 151 to 153, 165 to 167, 169 to
3 171, 189, 191, 307, 326, and 411 of division Q of P.L. 114-113; sections 11011, 11012,
4 13201 (a) to (e) and (g), 13206, 13221, 13301, 13304 (a), (b), and (d), 13531, 13601,
5 13801, 14101, 14102, 14103, 14201, 14202, 14211, 14212, 14213, 14214, 14215,
6 14221, 14222, 14301, 14302, 14304, and 14401 of P.L. 115-97; sections 40304, 40305,
7 40306, and 40412 of P.L. 115-123; section 101 (c) of division T of P.L. 115-141;
8 sections 101 (d) and (e), 102, 201 to 207, 301, 302, and 401 (a) (47) and (195), (b) (13),
9 (17), (22) and (30), and (d) (1) (D) (v), (vi), and (xiii) and (xvii) (II) of division U of P.L.
10 115-141; and section 301 of division O and sections 101, 102, 103, 104, 114, 115, 116,
11 117, 118, 130, 132, and 145 of division Q of P.L. 116-94.

12 3. For purposes of this paragraph, "Internal Revenue Code" does not include
13 amendments to the federal Internal Revenue Code enacted after December 31, 2019,
14 except that "Internal Revenue Code" includes sections 7001, 7002, 7003, 7004, and
15 7005 of division G of P.L. 116-127 and sections 1106, 2201, 2202, 2203, 2204, 2205,
16 2206, 2301, 2302, 2303, 2305, 2307, 2308, 3606, 3608, 3609, 3701, 3702, and 4007 of
17 division A of P.L. 116-136.

18 4. For purposes of this paragraph, the provisions of federal public laws that
19 directly or indirectly affect the Internal Revenue Code, as defined in this paragraph,
20 apply for Wisconsin purposes at the same time as for federal purposes, except that
21 changes made by section 13516 of P.L. 115-97, sections 20101, 20102, 20104, 20201,
22 40201, 40202, 40203, 40308, 40309, 40311, 40414, 41101, 41107, 41115, and 41116
23 of P.L. 115-123, section 101 (a), (b), and (h) of division U of P.L. 115-141, section 1122
24 of P.L. 116-92, sections 201, 202, and 204 (a) and (b) of division Q of P.L. 116-94, and
25 section 2 of P.L. 116-98 apply for taxable years beginning after December 31, 2020.

ASSEMBLY BILL 2

1 **SECTION 80.** 71.42 (2p) of the statutes is created to read:

2 71.42 **(2p)** For purposes of s. 71.42 (2) (b), 2013 stats., “Internal Revenue Code”
3 includes section 109 of division U of P.L. 115-141.

4 **SECTION 81.** 71.47 (6) (h) of the statutes is amended to read:

5 71.47 **(6)** (h) Any person, including a nonprofit entity described in section 501
6 (c) (3) of the Internal Revenue Code, may sell or otherwise transfer the credit under
7 par. (a) 2m. or 3., in whole or in part, to another person who is subject to the taxes
8 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the
9 transfer, and submits with the notification a copy of the transfer documents, and the
10 department certifies ownership of the credit with each transfer. The transferor may
11 file a claim for more than one taxable year on a form prescribed by the department
12 to compute all years of the credit under par. (a) 2m. or 3., at the time of the transfer
13 request. The transferee may first use the credit to offset tax in the taxable year of the
14 transferor in which the transfer occurs, and may use the credit only to offset tax in
15 taxable years otherwise allowed to be claimed and carried forward by the original
16 claimant.

17 **SECTION 82.** 71.52 (1g) of the statutes is created to read:

18 71.52 **(1g)** “Earned income” means wages, salaries, tips, and other employee
19 compensation that may be included in federal adjusted gross income for the taxable
20 year, plus the amount of the claimant’s net earnings from self-employment for the
21 taxable year determined with regard to the deduction allowed to the taxpayer by
22 section 164 (f) of the Internal Revenue Code. For purposes of this subsection, a
23 claimant’s earned income is computed without regard to any marital property laws
24 and a claimant may elect to treat amounts excluded from federal adjusted gross

ASSEMBLY BILL 2**SECTION 82**

1 income as earned income, as provided under section 112 of the Internal Revenue
2 Code. "Earned income" does not include the following:

3 (a) Any amount received as a pension or annuity.

4 (b) Any amount to which section 871 (a) of the Internal Revenue Code applies.

5 (c) Any amount received for services provided by an individual while the
6 individual is an inmate at a penal institution.

7 (d) Any amount received for service performed in work activities under
8 paragraphs (4) or (7) of section 407 (d) of the Social Security Act to which the claimant
9 is assigned under any state program under part A of title IV of the Social Security
10 Act. This paragraph applies only to amounts subsidized under any such state
11 program.

12 **SECTION 83.** 71.55 (10) of the statutes is amended to read:

13 71.55 (10) FARMERS. Notwithstanding the provision in s. 71.52 (6) that requires
14 the addition of certain disqualified losses to income, such an addition may not be
15 made by a claimant who is a farmer whose primary income is from farming and
16 whose farming generates less than \$250,000 in gross receipts from the operation of
17 farm premises in the year to which the claim relates. For purposes of this subsection,
18 a claimant's primary income is from farming if the claimant's gross income from
19 farming for the year to which the claim relates is greater than 50 percent of the
20 claimant's total gross income from all sources for the year to which the claim relates.
21 In this subsection, "gross income" has the meaning given in s. 71.03 (1).

22 **SECTION 84.** 71.76 of the statutes is renumbered 71.76 (1) and amended to read:

23 71.76 (1) If for any year the amount of federal net income tax payable, of a credit
24 claimed or carried forward, of a net operating loss carried forward or of a capital loss
25 carried forward of any taxpayer as reported to the internal revenue service is

ASSEMBLY BILL 2

1 changed or corrected by the internal revenue service or other officer of the United
2 States, such taxpayer shall report such changes or corrections to the department
3 within ~~90~~ 180 days after its final determination and shall concede the accuracy of
4 such determination or state how the determination is erroneous. Such changes or
5 corrections need not be reported unless they affect the amount of net tax payable
6 under this chapter, of a credit calculated under this chapter, of a Wisconsin net
7 operating loss carried forward, of a Wisconsin net business loss carried forward or
8 of a capital loss carried forward under this chapter. Any taxpayer submitting an
9 amended return to the internal revenue service, or to another state if there has been
10 allowed a credit against Wisconsin taxes for taxes paid to that state, shall also file,
11 within ~~90~~ 180 days of such filing date, an amended return if any information
12 contained on the amended return affects the amount of net tax payable under this
13 chapter of a credit calculated under this chapter, of a Wisconsin net operating loss
14 carried forward, of a Wisconsin net business loss carried forward or of a capital loss
15 carried forward under this chapter.

16 **SECTION 85.** 71.76 (2) of the statutes is created to read:

17 71.76 (2) In the case of any partnership adjustments, as defined under section
18 6241 of the Internal Revenue Code and including adjustments under section 6225
19 of the Internal Revenue Code, the partnership and its partners shall report such
20 changes or corrections to the department within 180 days after the final
21 determination by the internal revenue service and shall concede the accuracy of such
22 determination or state how the determination is erroneous. The partnership and its
23 partners shall submit amended returns, as applicable, for each reviewed year, as
24 defined under section 6225 of the Internal Revenue Code, to which such partnership
25 adjustments relate.

ASSEMBLY BILL 2

1 **SECTION 86.** 71.77 (7) (b) of the statutes is amended to read:

2 71.77 (7) (b) If notice of assessment or refund is given to the taxpayer within
3 ~~90~~ 180 days of the date on which the department receives a report from the taxpayer
4 under s. 71.76 or within such other period specified in a written agreement entered
5 into prior to the expiration of such ~~90~~ 180 days by the taxpayer and the department.
6 If the taxpayer does not report to the department as required under s. 71.76, the
7 department may make an assessment against the taxpayer or refund to the taxpayer
8 within 4 years after discovery by the department.

9 **SECTION 87.** 71.83 (1) (a) 6. of the statutes is amended to read:

10 71.83 (1) (a) 6. 'Retirement plans.' Any natural person who is liable for a
11 penalty for federal income tax purposes under section 72 (m) (5), (q), (t), and (v), 4973,
12 4974, 4975, or 4980A of the Internal Revenue Code is liable for 33 percent of the
13 federal penalty unless the income received is exempt from taxation under s. 71.05
14 (1) (a) or ~~(ae)~~ (6) (b) 54. The penalties provided under this subdivision shall be
15 assessed, levied, and collected in the same manner as income or franchise taxes.

16 **SECTION 88.** 73.0305 of the statutes is amended to read:

17 **73.0305 Revenue limits calculations.** The department of revenue shall
18 ~~annually~~ determine and certify to the state superintendent of public instruction, ~~no~~
19 ~~later than the 4th Monday in June~~ at the superintendent's request, the allowable
20 rate of increase under subch. VII of ch. 121. The allowable rate of increase is the
21 percentage change, if not negative, in the consumer price index for all urban
22 consumers, U.S. city average, between the preceding March 31 and the 2nd
23 preceding March 31, as computed by the federal department of labor.

24 **SECTION 89.** 73.09 (4) (c) of the statutes is amended to read:

ASSEMBLY BILL 2

1 73.09 (4) (c) Recertification is contingent upon submission of an application for
2 renewal, at least 60 days before the expiration date of the current certificate,
3 attesting to the completion of the requirements specified in par. (b). Persons
4 applying for renewal on the basis of attendance at the meetings called by the
5 department under s. 73.06 (1) and by meeting continuing education requirements
6 shall submit a \$20 recertification fee, in an amount determined by the department
7 not to exceed \$75, with their applications.

8 **SECTION 90.** 73.09 (5) of the statutes is amended to read:

9 73.09 (5) EXAMINATIONS. As provided in subs. (1) and (2), the department of
10 revenue shall prepare and administer examinations for each level of certification.
11 A person applying for an examination under this subsection shall submit ~~a \$20~~ an
12 examination fee with the person's application. If the department administers and
13 grades the examinations, the fee shall be the amount equal to the department's best
14 estimate of the actual cost to administer and grade the examinations, but no greater
15 than \$75. If a test service provider administers and grades the examinations, the fee
16 shall be the amount equal to the department's best estimate of the provider's actual
17 cost to administer and grade the examinations, but no greater than \$75. The
18 department of ~~revenue~~ shall grant certification to each person who passes the
19 examination for that level.

20 **SECTION 91.** 74.315 (1) of the statutes is amended to read:

21 74.315 (1) SUBMISSION. No later than October 1 of each year, the taxation
22 district clerk shall submit to the department of revenue, on a form prescribed by the
23 department, a listing of all the omitted taxes under s. 70.44 to be included on the
24 taxation district's next tax roll, if the ~~total of all such~~ omitted taxes exceeds \$5,000
25 for any single description of property are \$250 or more.

ASSEMBLY BILL 2

1 **SECTION 92.** 74.315 (1m) of the statutes is created to read:

2 74.315 (1m) AMOUNT COLLECTED FROM PROPERTY IN A TAX INCREMENTAL DISTRICT.
3 A tax may not be included on a form submitted under sub. (1) if the tax was levied
4 on a property within a tax incremental district, as defined in s. 60.85 (1) (n) or 66.1105
5 (2) (k), unless the current value of the tax incremental district is lower than the tax
6 incremental base, as defined in s. 60.85 (1) (m) or 66.1105 (2) (j), in the assessment
7 year for which the tax was collected.

8 **SECTION 93.** 74.315 (2) of the statutes is amended to read:

9 74.315 (2) ~~EQUALIZED VALUATION~~ AMOUNT DETERMINED. After receiving the form
10 under sub. (1), but no later than November 15, the department of revenue shall
11 determine the amount of ~~any change in the taxation district's equalized valuation~~
12 ~~that results from considering the valuation represented by the taxes described under~~
13 ~~sub. (1) taxes to be shared with each taxing jurisdiction for which the taxation district~~
14 collected taxes and determine the amount of taxes collected under s. 70.44 to be
15 shared with each taxing jurisdiction for which the taxation district collected taxes.
16 The department's determination under this subsection is subject to review only
17 under s. 227.53.

18 **SECTION 94.** 74.315 (3) of the statutes is amended to read:

19 74.315 (3) NOTICE AND DISTRIBUTION. ~~If the department of revenue determines~~
20 ~~under sub. (2) that the taxation district's equalized valuation changed as a result of~~
21 ~~considering the valuation represented by the taxes described under sub. (1), the~~ The
22 department shall notify the taxation district and the taxation district shall distribute
23 the ~~resulting~~ collections under ss. 74.23 (1) (a) 5., 74.25 (1) (a) 4m., and 74.30 (1) (dm)
24 resulting from the determinations made under sub. (2).

25 **SECTION 95.** 76.04 (1) of the statutes is amended to read:

ASSEMBLY BILL 2

1 76.04 (1) Every company defined in s. 76.02 shall, annually, file a true and
2 accurate statement in such manner and form and setting forth such facts as the
3 department shall deem necessary to enforce ss. 76.01 to 76.26. The annual reports
4 ~~for railroad companies shall be filed on or before April 15 and for conservation and~~
5 ~~regulation companies, air carriers and pipeline companies on or before May 1.~~

6 **SECTION 96.** 76.07 (1) of the statutes is amended to read:

7 76.07 (1) DUTY OF DEPARTMENT. The department on or before ~~August 1~~
8 ~~September 15~~ in each year in the case of railroad companies, and on or before
9 ~~September 15~~ in the case of air carrier companies, conservation and regulation
10 ~~companies and pipeline companies~~, shall, according to its best knowledge and
11 judgment, ascertain and determine the full market value of the property of each
12 company within the state.

13 **SECTION 97.** 76.075 of the statutes is amended to read:

14 **76.075 Adjustments of assessments.** Within 4 years after the due date, or
15 extended due date, of the report under s. 76.04, any person subject to taxation under
16 this subchapter may request the department to make, or the department may make,
17 an adjustment to the data under s. 76.07 (4g) or (4r) submitted by the person. If an
18 adjustment under this section results in an increase in the tax due under this
19 subchapter, the person shall pay the amount of the tax increase plus interest on that
20 amount at the rate of 1 percent per month from the due date or extended due date
21 of the report under s. 76.04 until the date of final determination and interest at the
22 rate of 1.5 percent per month from the date of final determination until the date of
23 payment. If an adjustment under this section results in a decrease in the tax due
24 under this subchapter, the department shall refund the appropriate amount plus
25 interest at the rate of ~~0.75~~ 0.25 percent per month from the due date or extended due

ASSEMBLY BILL 2

1 date under s. 76.04 until the date of refund. Sections 71.74 (1) and (2) and 71.75 (6)
2 and (7), as they apply to income and franchise tax adjustments, apply to adjustments
3 under this section. Review of the adjustments is as stated in s. 76.08.

4 **SECTION 98.** 76.13 (1) of the statutes is amended to read:

5 76.13 (1) The department shall compute and levy a tax upon the property of
6 each company defined in s. 76.02, as assessed in the manner specified in ss. 76.07 and
7 76.08, at the average net rate of taxation determined under s. 76.126. The amount
8 of tax to be paid by each such company shall be extended upon a tax roll opposite the
9 description of the property of the respective companies. The tax rolls for all
10 companies required to be assessed on ~~or before August 1 in each year under s. 76.07~~
11 ~~(1) shall be completed on or before August 10, and for all companies required to be~~
12 ~~assessed on or before September 15 in each year under s. 76.07 (1) shall be completed~~
13 ~~on or before October 1; and the department shall thereupon attach to each such roll~~
14 a certificate signed by the secretary of revenue, which shall be as follows:

15 “I hereby certify that the foregoing tax roll includes the property of all railroad
16 companies, air carrier companies, conservation and regulation companies or
17 pipeline companies, as the case may be, defined in s. 76.02, liable to taxation in this
18 state; that the valuation of the property of each company as set down in said tax roll
19 is the full market value thereof as assessed by the department of revenue, except as
20 changed by court judgment, and that the taxes thereon charged in said tax roll have
21 been assessed and levied at the average net rate of taxation in this state, as required
22 by law”.

23 **SECTION 99.** 76.13 (3) of the statutes is amended to read:

24 76.13 (3) If the Dane County circuit court, after such roll is delivered to the
25 secretary of administration, increases or decreases the assessment of any company,

ASSEMBLY BILL 2

1 the department shall immediately redetermine the tax of the company on the basis
2 of the revised assessment, and shall certify and deliver the revised assessment to the
3 secretary of administration as a revision of the tax roll. If the amount of tax upon
4 the assessment as determined by the court is less than the amount paid by the
5 company, the secretary of administration shall refund the excess to the company with
6 interest at the rate of ~~9~~ 3 percent per year. If the amount of the tax upon the
7 assessment as determined by the court is in excess of the amount of the tax as
8 determined by the department, interest shall be paid on the additional amount at the
9 rate of 12 percent per year from the date of entry of judgment to the date the
10 judgment becomes final, and at 1.5 percent per month thereafter until paid.

11 **SECTION 100.** 76.28 (4) (b) of the statutes is amended to read:

12 76.28 (4) (b) In the case of overpayments of license fees by any light, heat and
13 power company under par. (a), the department shall certify the overpayments to the
14 department of administration, which shall audit the amount of the overpayments
15 and the secretary of administration shall pay the amounts determined by means of
16 the audit. All refunds of license fees under this subsection shall bear interest at the
17 annual rate of ~~9~~ 3 percent from the date of the original payment to the date when
18 the refund is made. The time for making additional levies of license fees or claims
19 for refunds of excess license fees paid, in respect to any year, shall be limited to 4
20 years after the time the report for such year was filed.

21 **SECTION 101.** 76.28 (11) of the statutes is amended to read:

22 76.28 (11) PAYMENT BEFORE CONTESTING. No action or proceeding, except a
23 petition for redetermination under sub. (4), may be brought by a light, heat or power
24 company against this state to contest any assessment of a tax under this section
25 unless the taxpayer first pays to this state the amount of tax assessed. If the

ASSEMBLY BILL 2

1 taxpayer prevails in an action or proceeding, this state shall settle with the taxpayer,
2 including payment of interest at ~~9~~ 3 percent per year on the amount of the money
3 paid from the date of payment until the date of judgment.

4 **SECTION 102.** 76.39 (4) (d) of the statutes is amended to read:

5 76.39 (4) (d) All refunds shall be certified by the department to the department
6 of administration which shall audit the amount of the refunds and the secretary of
7 administration shall pay the amount, together with interest at the rate of ~~9~~ 3 percent
8 per year from the date payment was made. All additional taxes shall bear interest
9 at the rate of 12 percent per year from the time they should have been paid to the date
10 upon which the additional taxes shall become delinquent if unpaid.

11 **SECTION 103.** 76.48 (5) of the statutes is amended to read:

12 76.48 (5) Additional assessments may be made, if notice of such assessment is
13 given, within 4 years of the date the annual return was filed, but if no return was
14 filed, or if the return filed was incorrect and was filed with intent to defeat or evade
15 the tax, an additional assessment may be made at any time upon the discovery of
16 gross revenues by the department. Refunds may be made if a claim for the refund
17 is filed in writing with the department within 4 years of the date the annual return
18 was filed. Refunds shall bear interest at the rate of ~~9~~ 3 percent per year and shall
19 be certified by the department to the secretary of administration who shall audit the
20 amounts of such overpayments and pay the amount audited. Additional
21 assessments shall bear interest at the rate of 12 percent per year from the time they
22 should have been paid to the date upon which they shall become delinquent if unpaid.

23 **SECTION 104.** 77.51 (13gm) (a) (intro.) of the statutes is renumbered 77.51
24 (13gm) (a) and amended to read:

ASSEMBLY BILL 2

1 77.51 (**13gm**) (a) “Retailer engaged in business in this state” does not include
2 a retailer who has no activities as described in sub. (13g), except for activities
3 described in sub. (13g) (c), unless the ~~retailer meets either of the following criteria~~
4 retailer’s annual gross sales into this state exceed \$100,000 in the previous year or
5 current calendar year.

6 **SECTION 105.** 77.51 (13gm) (a) 1. and 2. of the statutes are repealed.

7 **SECTION 106.** 77.51 (13gm) (b) of the statutes is amended to read:

8 77.51 (**13gm**) (b) If an out-of-state retailer’s annual gross sales into this state
9 exceed \$100,000 in the previous calendar year ~~or the retailer’s annual number of~~
10 ~~separate sales transactions into this state is 200 or more in the previous year,~~ the
11 retailer shall register with the department and collect the taxes administered under
12 s. 77.52 or 77.53 on sales sourced to this state under s. 77.522 for the entire current
13 calendar year.

14 **SECTION 107.** 77.51 (13gm) (c) of the statutes is amended to read:

15 77.51 (**13gm**) (c) If an out-of-state retailer’s annual gross sales into this state
16 are \$100,000 or less in the previous calendar year ~~and the retailer’s annual number~~
17 ~~of separate sales transactions into this state is less than 200 in the previous year,~~ the
18 retailer is not required to register with the department and collect the taxes
19 administered under s. 77.52 or 77.53 on sales sourced to this state under s. 77.522
20 until the retailer’s gross sales ~~or transactions meet the criteria in par. (a) 1. or 2.~~
21 exceed \$100,000 for the current calendar year, at which time the retailer shall
22 register with the department and collect the tax for the remainder of the current
23 calendar year.

24 **SECTION 108.** 77.51 (13gm) (d) 1. of the statutes is repealed.

25 **SECTION 109.** 77.51 (13gm) (d) 2. of the statutes is amended to read:

ASSEMBLY BILL 2

1 77.51 (13gm) (d) 2. ~~The annual amounts described in this subsection include~~
2 “Gross sales” includes both taxable and nontaxable sales.

3 **SECTION 110.** 77.51 (13gm) (d) 3. and 4. of the statutes are repealed.

4 **SECTION 111.** 77.51 (13gm) (d) 5. of the statutes is amended to read:

5 77.51 (13gm) (d) 5. An out-of-state retailer’s annual amounts gross sales
6 include all sales into this state by the retailer on behalf of other persons and all sales
7 into this state by another person on the retailer’s behalf.

8 **SECTION 112.** 77.52 (2m) (b) of the statutes is amended to read:

9 77.52 (2m) (b) With respect to the type of services subject to tax under sub. (2)
10 (a) 7., 10., 11., and 20. and except as provided in s. 77.54 (60) (b) and (bm) 2., all
11 tangible personal property or items, property, or goods under s. ~~77.52~~ sub. (1) (b), (c),
12 or (d) physically transferred, or transferred electronically, to the customer in
13 conjunction with the selling, performing, or furnishing of the service is a sale of
14 tangible personal property or items, property, or goods under s. ~~77.52~~ sub. (1) (b), (c),
15 or (d) separate from the selling, performing, or furnishing of the service, regardless
16 of whether the purchaser claims an exemption on its purchase of the service. This
17 paragraph does not apply to services provided by veterinarians.

18 **SECTION 113.** 77.54 (6) (am) 2. of the statutes is amended to read:

19 77.54 (6) (am) 2. Containers, labels, sacks, cans, boxes, drums, bags or other
20 packaging and shipping materials for use in packing, packaging or shipping tangible
21 personal property or items or property under s. 77.52 (1) (b) or (c), if the containers,
22 labels, sacks, cans, boxes, drums, bags, or other packaging and shipping materials
23 are used by the purchaser to transfer merchandise to customers or physically
24 transferred to the customer in conjunction with the selling, performing, or
25 furnishing of the type of services under s. 77.52 (2) (a) 7., 10, 11., or 20. that are

ASSEMBLY BILL 2

1 exempt from or not subject to taxation under this subchapter. This subdivision does
2 not apply to services provided by veterinarians.

3 **SECTION 114.** 77.54 (9a) (f) of the statutes is amended to read:

4 77.54 (9a) (f) Any corporation, community chest fund, or foundation ~~or~~
5 ~~association organized and operated exclusively for religious, charitable, scientific or~~
6 ~~educational purposes, or for the prevention of cruelty to children or animals, except~~
7 ~~hospital service insurance corporations under s. 613.80 (2), no part of the net income~~
8 ~~of which inures to the benefit of any private stockholder, shareholder, member or~~
9 ~~corporation that is exempt from federal income tax under section 501 (c) (3) of the~~
10 Internal Revenue Code and has received a determination letter from the internal
11 revenue service. The exemption under this paragraph applies to churches and
12 religious organizations that meet the requirements of section 501 (c) (3) but are not
13 required to apply for and obtain tax-exempt status from the internal revenue
14 service.

15 **SECTION 115.** 77.54 (9m) of the statutes is amended to read:

16 77.54 (9m) The sales price from the sale of and the storage, use, or other
17 consumption of tangible personal property, or items or property under s. 77.52 (1) (b)
18 or (c), sold to a construction contractor that, in fulfillment of a real property
19 construction activity, transfers the tangible personal property, or items or property
20 under s. 77.52 (1) (b) or (c), to an entity described under sub. (9a) (b), (c), (d), (em),
21 (f), or (fc) or (9g), a technical college district, the University of Wisconsin Hospitals
22 and Clinics Authority, the Board of Regents of the University of Wisconsin System,
23 an institution, as defined in s. 36.05 (9), a college campus, as defined in s. 36.05 (6m),
24 or the University of Wisconsin-Extension, if such tangible personal property, or
25 items or property, becomes a component of a facility in this state that is owned by the

ASSEMBLY BILL 2

1 entity. In this subsection, “facility” means any building, shelter, parking lot, parking
2 garage, athletic field, athletic park, storm sewer, water supply system, or sewerage
3 and waste water treatment facility, but does not include a highway, street, or road.

4 **SECTION 116.** 77.61 (5) (b) 8m. of the statutes is created to read:

5 77.61 (5) (b) 8m. The state auditor and the employees of the legislative audit
6 bureau to the extent necessary for the bureau to carry out its duties under 13.94.

7 **SECTION 117.** 79.02 (1) of the statutes is amended to read:

8 79.02 (1) The Except as provided in sub. (2) (b), the department of
9 administration, upon certification by the department of revenue, shall distribute
10 shared revenue payments to each municipality and county on the 4th Monday in July
11 and the 3rd Monday in November.

12 **SECTION 118.** 79.02 (2) (b) of the statutes is amended to read:

13 79.02 (2) (b) Subject to ss. 59.605 (4) and 70.995 (14) (b), payments in July shall
14 equal 15 percent of the municipality’s or county’s estimated payments under ss.
15 79.035 and 79.04 and 100 percent of the municipality’s estimated payments under
16 s. 79.05. Upon certification by the department of revenue, the estimated payment
17 under s. 79.05 may be distributed before the 4th Monday in July.

18 **SECTION 119.** 79.02 (3) (a) of the statutes is amended to read:

19 79.02 (3) (a) Subject to s. 59.605 (4), payments to each municipality and county
20 in November shall equal that municipality’s or county’s entitlement under ss. 79.035,
21 79.04, and 79.05 for the current year, minus the amount distributed to the
22 municipality or county ~~in July~~ under sub. (2) (b).

23 **SECTION 120.** 79.02 (3) (e) of the statutes is amended to read:

24 79.02 (3) (e) For the distribution in 2004 and subsequent years, the total
25 amount of the November payments to each county and municipality under s. ~~79.035~~

ASSEMBLY BILL 2

1 sub. (1) shall be reduced by an amount equal to the amount of supplements paid from
2 the appropriation accounts under s. 20.435 (4) (b) and (gm) that the county or
3 municipality received for the fiscal year in which a payment is made under this
4 section, as determined under s. 49.45 (51).

5 **SECTION 121.** 79.035 (6) of the statutes is amended to read:

6 79.035 (6) Beginning with the distributions in 2016 and ending with the
7 distributions in 2035, the annual payment under ~~this section~~ s. 79.02 (1) to a county
8 in which a sports and entertainment arena, as defined in s. 229.41 (11e), is located
9 shall be the amount otherwise determined for the county under this section, minus
10 \$4,000,000.

11 **SECTION 122.** 79.035 (7) (b) of the statutes is amended to read:

12 79.035 (7) (b) Beginning with the first payment due under ~~this section~~ s. 79.02
13 (1) after the county or municipality receives a grant under s. 16.047 (4m), the
14 department of administration shall apply the reduction determined under par. (a) for
15 each county and municipality by reducing 10 consecutive annual payments under
16 ~~this section~~ s. 79.02 (1) to the county or municipality by equal amounts. ~~If in any year~~
17 ~~the reduction under this paragraph for a county or municipality exceeds the payment~~
18 ~~under this section for the county or municipality, the department of administration~~
19 ~~shall apply the excess amount of the reduction to the payment to the county or~~
20 ~~municipality under s. 79.04.~~

21 **SECTION 123.** 79.05 (1) (am) of the statutes is amended to read:

22 79.05 (1) (am) "Inflation factor" means a percentage equal to the average
23 annual percentage change in the U.S. consumer price index for all urban consumers,
24 U.S. city average, as determined by the U.S. department of labor, for the 12 months

ASSEMBLY BILL 2

1 ending on ~~September 30~~ August 31 of the year before the statement under s. 79.015,
2 except that the percentage under this paragraph shall not be less than zero.

3 **SECTION 124.** 79.05 (2m) of the statutes is amended to read:

4 79.05 (2m) Annually, on ~~November~~ October 1, the department of revenue shall
5 certify the appropriate percentage change in the consumer price index that is to be
6 used in the requirement under sub. (1) (am) to the joint committee on finance.

7 **SECTION 125. Initial applicability.**

8 (1) HOMESTEAD CREDIT. The treatment of ss. 71.52 (1g) and 71.55 (10) first
9 applies to claims filed after December 31, 2020.

10 (2) RETIREMENT INCOME EXCLUSION. The treatment of ss. 71.05 (1) (ae), (am), and
11 (an) and (6) (b) 54. and 71.83 (1) (a) 6. and the amendment of s. 71.05 (6) (b) 4. (as it
12 relates to the retirement income exclusion) first apply to taxable years beginning
13 after December 31, 2020.

14 (3) REDUCTIONS IN SHARED REVENUE. The treatment of ss. 48.561 (3) (a) 3. and
15 (b), 66.0602 (6) (a) and (b), 66.1105 (6m) (d) 4., 70.855 (4) (b), 70.995 (14) (b), 79.02
16 (3) (e), and 79.035 (6) and (7) (b) first applies to the distributions made in 2021.

17 (4) INTEREST RATE ON UTILITY TAX REFUNDS. The treatment of ss. 76.075, 76.13
18 (3), 76.28 (4) (b) and (11), 76.39 (4) (d), and 76.48 (5) first applies to refunds paid on
19 the effective date of this subsection regardless of the taxable periods to which the
20 refunds pertain.

21 (5) PROPERTY OF A CHURCH OR RELIGIOUS ASSOCIATION. The treatment of s. 70.11
22 (4) (b) 3. first applies to the property tax assessments as of January 1, 2021.

23 (6) UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY. The treatment
24 of s. 77.54 (9m) first applies to contracts entered into on the effective date of this
25 subsection.

