



2021 SENATE BILL 97

February 11, 2021 - Introduced by Senators AGARD, RINGHAND, JACQUE, ROYS, SMITH and WIRCH, cosponsored by Representatives MCGUIRE, VINING, HONG, ANDERSON, ANDRACA, BALDEH, BILLINGS, BOWEN, BROSTOFF, CABRERA, CONSIDINE, DOYLE, DRAKE, EMERSON, HEBL, MILROY, S. RODRIGUEZ, SHANKLAND, SHELTON, SPREITZER, STUBBS, VRUWINK and SINICKI. Referred to Committee on Financial Institutions and Revenue.

1 **AN ACT** *to renumber and amend* 71.26 (3) (ag); *to amend* 71.26 (3) (L); and *to*
2 *create* 71.05 (1) (h), 71.26 (3) (ag) 2., 71.34 (1k) (af), 71.45 (1) (d) and 71.45 (2)
3 (a) 22. of the statutes; **relating to:** excluding from income grants received from
4 the federal coronavirus relief fund.

Analysis by the Legislative Reference Bureau

The bill excludes from income for state tax purposes all income received in the form of a grant issued by the state with moneys received from the federal coronavirus relief fund. In addition, the bill provides that amounts otherwise deductible for state income tax purposes that are paid directly or indirectly with the grant money are also deductible.

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 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:

5 **SECTION 1.** 71.05 (1) (h) of the statutes is created to read:

SENATE BILL 97**SECTION 1**

1 71.05 (1) (h) *Wisconsin grants awarded from the federal coronavirus relief fund.*
2 Income received in the form of a grant issued by the state with moneys received from
3 the coronavirus relief fund authorized under 42 USC 801. Amounts otherwise
4 deductible under this chapter that are paid directly or indirectly with the grant
5 money are deductible.

6 **SECTION 2.** 71.26 (3) (ag) of the statutes is renumbered 71.26 (3) (ag) (intro.)
7 and amended to read:

8 71.26 (3) (ag) (intro.) Section 61 (relating to the definition of gross income) is
9 modified to exclude income the following:

10 1. Income received by the original policyholder or original certificate holder
11 who has a catastrophic or life-threatening illness or condition from the sale of a life
12 insurance policy or certificate, or the sale of the death benefit under a life insurance
13 policy or certificate, under a life settlement contract, as defined in s. 632.69 (1) (k).
14 In this paragraph, “catastrophic or life-threatening illness or condition” includes
15 AIDS, as defined in s. 49.686 (1) (a), and HIV infection, as defined in s. 49.686 (1) (d).

16 **SECTION 3.** 71.26 (3) (ag) 2. of the statutes is created to read:

17 71.26 (3) (ag) 2. Income received in the form of a grant issued by the state with
18 moneys received from the coronavirus relief fund authorized under 42 USC 801.
19 Amounts otherwise deductible under this chapter that are paid directly or indirectly
20 with the grant money are deductible.

21 **SECTION 4.** 71.26 (3) (L) of the statutes is amended to read:

22 71.26 (3) (L) Section 265 is excluded and replaced by the rule that any amount
23 otherwise deductible under this chapter that is directly or indirectly related to
24 income wholly exempt from taxes imposed by this chapter or to losses from the sale
25 or other disposition of assets the gain from which would be exempt under this

SENATE BILL 97**SECTION 4**

1 paragraph if the assets were sold or otherwise disposed of at a gain is not deductible.
2 In this paragraph, “wholly exempt income”, for corporations subject to franchise or
3 income taxes, includes amounts received from affiliated or subsidiary corporations
4 for interest, dividends or capital gains that, because of the degree of common
5 ownership, control or management between the payor and payee, are not subject to
6 taxes under this chapter. In this paragraph, “wholly exempt income”, for
7 corporations subject to income taxation under this chapter, also includes interest on
8 obligations of the United States. In this paragraph, “wholly exempt income” does not
9 include income excludable, not recognized, exempt or deductible under specific
10 provisions of this chapter. If any expense or amount otherwise deductible is
11 indirectly related both to wholly exempt income or loss and to other income or loss,
12 a reasonable proportion of the expense or amount shall be allocated to each type of
13 income or loss, in light of all the facts and circumstances. This paragraph does not
14 apply to the exclusion under par. (ag) 2.

15 **SECTION 5.** 71.34 (1k) (af) of the statutes is created to read:

16 71.34 (1k) (af) Section 61 of the Internal Revenue Code is modified so that
17 income received in the form of a grant issued by the state with moneys received from
18 the coronavirus relief fund authorized under 42 USC 801 is not taxable income.
19 Amounts otherwise deductible under this chapter that are paid directly or indirectly
20 with the grant money are deductible.

21 **SECTION 6.** 71.45 (1) (d) of the statutes is created to read:

22 71.45 (1) (d) Income received in the form of a grant issued by the state with
23 moneys received from the coronavirus relief fund authorized under 42 USC 801.
24 Amounts otherwise deductible under this chapter that are paid directly or indirectly
25 with the grant money are deductible.

