



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-4757/1
JK:cjs

2021 SENATE BILL 690

November 11, 2021 - Introduced by Senators ROTH, WANGGAARD, BALLWEG, BERNIER, DARLING and JACQUE, cosponsored by Representatives WITKE, KATMA, KUGLITSCH, MACCO, ZIMMERMAN, ALLEN, ARMSTRONG, BRANDTJEN, DITTRICH, DOYLE, DUCHOW, EDMING, HORLACHER, KURTZ, MOSES, MURSAU, NOVAK, OLDENBURG, PENTERMAN, ROZAR, SCHRAA, SNODGRASS, SWEARINGEN, THIESFELDT, VRUWINK, WICHGERS, SPREITZER, KNODL, HONG and SUBECK. Referred to Committee on Financial Institutions and Revenue.

1 **AN ACT** *to amend* 71.26 (3) (L); and *to create* 71.05 (1) (hp), 71.26 (3) (ag) 4.,
2 71.34 (1k) (ai), 71.45 (1) (dn) and 71.45 (2) (a) 24. of the statutes; **relating to:**
3 an income and franchise tax exemption for restaurant revitalization grants.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax exemption for income received in the form of a grant from the Restaurant Revitalization Fund established by the federal American Rescue Plan Act of 2021. Current law provides similar exemptions for income received in the form of allocations issued by the state with moneys received from the federal Coronavirus Relief Fund and used for a number of purposes, including broadband expansion, privately owned movie theater grants, music and performance venue grants, and lodging industry grants.

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:

4 **SECTION 1.** 71.05 (1) (hp) of the statutes is created to read:

SENATE BILL 690**SECTION 1**

1 71.05 (1) (hp) *Grants from the federal restaurant revitalization fund.* Income
2 received in the form of a grant from the restaurant revitalization fund pursuant to
3 the federal American Rescue Plan Act of 2021, P.L. 117-2. 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) 4. of the statutes is created to read:

7 71.26 (3) (ag) 4. Income received in the form of a grant from the restaurant
8 revitalization fund pursuant to the federal American Rescue Plan Act of 2021, P.L.
9 117-2. Amounts otherwise deductible under this chapter that are paid directly or
10 indirectly with the grant money are deductible.

11 **SECTION 3.** 71.26 (3) (L) of the statutes, as affected by 2021 Wisconsin Act 1,
12 is amended to read:

13 71.26 (3) (L) Section 265 is excluded and replaced by the rule that any amount
14 otherwise deductible under this chapter that is directly or indirectly related to
15 income wholly exempt from taxes imposed by this chapter or to losses from the sale
16 or other disposition of assets the gain from which would be exempt under this
17 paragraph if the assets were sold or otherwise disposed of at a gain is not deductible.
18 In this paragraph, “wholly exempt income”, for corporations subject to franchise or
19 income taxes, includes amounts received from affiliated or subsidiary corporations
20 for interest, dividends or capital gains that, because of the degree of common
21 ownership, control or management between the payor and payee, are not subject to
22 taxes under this chapter. In this paragraph, “wholly exempt income”, for
23 corporations subject to income taxation under this chapter, also includes interest on
24 obligations of the United States. In this paragraph, “wholly exempt income” does not
25 include income excludable, not recognized, exempt or deductible under specific

SENATE BILL 690**SECTION 3**

1 provisions of this chapter. If any expense or amount otherwise deductible is
2 indirectly related both to wholly exempt income or loss and to other income or loss,
3 a reasonable proportion of the expense or amount shall be allocated to each type of
4 income or loss, in light of all the facts and circumstances. This paragraph does not
5 apply to the exclusion under par. (ag) 2. ~~or 3.~~ or 4.

6 **SECTION 4.** 71.34 (1k) (ai) of the statutes is created to read:

7 71.34 (1k) (ai) Section 61 of the Internal Revenue Code is modified so that
8 income received in the form of a grant from the restaurant revitalization fund,
9 pursuant to the federal American Rescue Plan Act of 2021, P.L. 117-2, is not taxable
10 income. Amounts otherwise deductible under this chapter that are paid directly or
11 indirectly with the grant money are deductible.

12 **SECTION 5.** 71.45 (1) (dn) of the statutes is created to read:

13 71.45 (1) (dn) Income received in the form of a grant from the restaurant
14 revitalization fund pursuant to the federal American Rescue Plan Act of 2021, P.L.
15 117-2. Amounts otherwise deductible under this chapter that are paid directly or
16 indirectly with the grant money are deductible.

17 **SECTION 6.** 71.45 (2) (a) 24. of the statutes is created to read:

18 71.45 (2) (a) 24. By subtracting from federal taxable income, to the extent
19 included in federal taxable income, income received in the form of a grant from the
20 restaurant revitalization fund pursuant to the federal American Rescue Plan Act of
21 2021, P.L. 117-2. Amounts otherwise deductible under this chapter that are paid
22 directly or indirectly with the grant money are deductible.

23 **SECTION 7. Initial applicability.**

24 (1) This act first applies to taxable years beginning after December 31, 2020.

25

(END)