

2019 DRAFTING REQUEST

Bill

For: **Cody Horlacher (608) 266-5715** Drafter: **jkreye**
 By: **christina** Secondary Drafters:
 Date: **12/20/2018** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email: **Rep.Horlacher@legis.wisconsin.gov**
 Carbon copy (CC) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Not collecting tax on tips

Instructions:

See attached

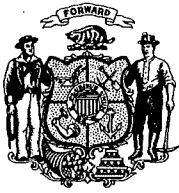
Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|----------------------|------------------------|-----------------------|----------------------|---------------------|
| /? | jkreye 12/20/2018 | kfollett 12/21/2018 | | | |
| /P1 | jkreye 2/19/2019 | | dwalker 12/21/2018 | | State Tax Exempt |
| /P2 | | kfollett 2/19/2019 | lparisi 2/19/2019 | | State Tax Exempt |
| /1 | | | lparisi 4/24/2019 | dwalker 4/24/2019 | State Tax Exempt |

FE Sent For:

<END>

At Intro.



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

*in Thursday
12-20*
*due Friday
12-21*

1 **AN ACT to repeal** 71.63 (6) (n) 1. and 2.; **to renumber and amend** 71.63 (6) (n)
2 (intro.); **to amend** 71.05 (6) (b) 28. e., 71.05 (6) (b) 28. f., 71.05 (6) (b) 32. b., 71.05
3 (6) (b) 32. c., 71.05 (6) (b) 33. b., 71.05 (6) (b) 33. c., 71.05 (6) (b) 35. c., 71.05 (6)
4 (b) 35. d., 71.05 (6) (b) 36. c., 71.05 (6) (b) 36. d., 71.05 (6) (b) 37. c., 71.05 (6) (b)
5 37. d., 71.05 (6) (b) 38. c., 71.05 (6) (b) 38. d., 71.05 (6) (b) 39. c., 71.05 (6) (b) 39.
6 d., 71.05 (6) (b) 40. c., 71.05 (6) (b) 40. d., 71.05 (6) (b) 41. c., 71.05 (6) (b) 41. d.,
7 71.05 (6) (b) 42. c., 71.05 (6) (b) 42. d. and 71.05 (6) (b) 43. f.; and **to create** 71.05
8 (1) (h) of the statutes; **relating to:** an income tax exemption for tips paid to an
9 employee.

Analysis by the Legislative Reference Bureau

This bill creates an income tax exemption for tips received by an employee from the customers of the employee's employer.
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:

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

2 71.05 (1) (h) *Tips*. Amounts received as tips by an employee from the customers
3 of the employee's employer.

4 **SECTION 2.** 71.05 (6) (b) 28. e. of the statutes is amended to read:

5 71.05 (6) (b) 28. e. For an individual who is a nonresident or part-year resident
6 of this state, multiply the amount calculated under subd. 28. a., am., b., c. or d. by
7 a fraction the numerator of which is the individual's wages, salary, ~~tips~~, unearned
8 income, and net earnings from a trade or business that are taxable by this state and
9 the denominator of which is the individual's total wages, salary, ~~tips~~, unearned
10 income, and net earnings from a trade or business. In this subd. 28. e., for married
11 persons filing separately "wages, salary, ~~tips~~, unearned income, and net earnings
12 from a trade or business" means the separate wages, salary, ~~tips~~, unearned income,
13 and net earnings from a trade or business of each spouse, and for married persons
14 filing jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
15 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
16 from a trade or business of both spouses.

17 **SECTION 3.** 71.05 (6) (b) 28. f. of the statutes is amended to read:

18 71.05 (6) (b) 28. f. Reduce the amount calculated under subd. 28. a., am., b., c.,
19 d. or e. to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net
20 earnings from a trade or business that are taxable by this state.

21 **SECTION 4.** 71.05 (6) (b) 32. b. of the statutes is amended to read:

1 71.05 (6) (b) 32. b. For an individual who is a nonresident or part-year resident
2 of this state, multiply the amount calculated under subd. 32. a. by a fraction the
3 numerator of which is the individual's wages, salary, tips, unearned income, and net
4 earnings from a trade or business that are taxable by this state and the denominator
5 of which is the individual's total wages, salary, tips, unearned income, and net
6 earnings from a trade or business. In this subd. 32. b., for married persons filing
7 separately "wages, salary, tips, unearned income, and net earnings from a trade or
8 business" means the separate wages, salary, tips, unearned income, and net earnings
9 from a trade or business of each spouse, and for married persons filing jointly "wages,
10 salary, tips, unearned income, and net earnings from a trade or business" means the
11 total wages, salary, tips, unearned income, and net earnings from a trade or business
12 of both spouses.

13 **SECTION 5.** 71.05 (6) (b) 32. c. of the statutes is amended to read:

14 71.05 (6) (b) 32. c. Reduce the amount calculated under subd. 32. a. or b. to the
15 individual's aggregate wages, salary, tips, unearned income, and net earnings from
16 a trade or business that are taxable by this state.

17 **SECTION 6.** 71.05 (6) (b) 33. b. of the statutes is amended to read:

18 71.05 (6) (b) 33. b. For an individual who is a nonresident or part-year resident
19 of this state, multiply the amount calculated under subd. 33. a. by a fraction the
20 numerator of which is the individual's wages, salary, tips, unearned income, and net
21 earnings from a trade or business that are taxable by this state and the denominator
22 of which is the individual's total wages, salary, tips, unearned income, and net
23 earnings from a trade or business. In this subd. 33. b., for married persons filing
24 separately "wages, salary, tips, unearned income, and net earnings from a trade or
25 business" means the separate wages, salary, tips, unearned income, and net earnings

1 from a trade or business of each spouse, and for married persons filing jointly “wages,
2 salary, ~~tips~~, unearned income, and net earnings from a trade or business” means the
3 total wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business
4 of both spouses.

5 **SECTION 7.** 71.05 (6) (b) 33. c. of the statutes is amended to read:

6 71.05 (6) (b) 33. c. Reduce the amount calculated under subd. 33. a. or b. to the
7 individual’s aggregate wages, salary, ~~tips~~, unearned income, and net earnings from
8 a trade or business that are taxable by this state.

9 **SECTION 8.** 71.05 (6) (b) 35. c. of the statutes is amended to read:

10 71.05 (6) (b) 35. c. For an individual who is a nonresident or part-year resident
11 of this state, multiply the amount calculated under subd. 35. a. or b., by a fraction
12 the numerator of which is the individual’s wages, salary, ~~tips~~, unearned income, and
13 net earnings from a trade or business that are taxable by this state and the
14 denominator of which is the individual’s total wages, salary, ~~tips~~, unearned income,
15 and net earnings from a trade or business. In this subd. 35. c., for married persons
16 filing separately “wages, salary, ~~tips~~, unearned income, and net earnings from a
17 trade or business” means the separate wages, salary, ~~tips~~, unearned income, and net
18 earnings from a trade or business of each spouse, and for married persons filing
19 jointly “wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
20 business” means the total wages, salary, ~~tips~~, unearned income, and net earnings
21 from a trade or business of both spouses.

22 **SECTION 9.** 71.05 (6) (b) 35. d. of the statutes is amended to read:

23 71.05 (6) (b) 35. d. Reduce the amount calculated under subd. 35. a., b., or c.
24 to the individual’s aggregate wages, salary, ~~tips~~, unearned income, and net earnings
25 from a trade or business that are taxable by this state.

1 **SECTION 10.** 71.05 (6) (b) 36. c. of the statutes is amended to read:

2 71.05 (6) (b) 36. c. For an individual who is a nonresident or part-year resident
3 of this state, multiply the amount calculated under subd. 36. a. or b., by a fraction
4 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
5 net earnings from a trade or business that are taxable by this state and the
6 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
7 and net earnings from a trade or business. In this subd. 36. c., for married persons
8 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a
9 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net
10 earnings from a trade or business of each spouse, and for married persons filing
11 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
12 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
13 from a trade or business of both spouses.

14 **SECTION 11.** 71.05 (6) (b) 36. d. of the statutes is amended to read:

15 71.05 (6) (b) 36. d. Reduce the amount calculated under subd. 36. a., b., or c.
16 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings
17 from a trade or business that are taxable by this state.

18 **SECTION 12.** 71.05 (6) (b) 37. c. of the statutes is amended to read:

19 71.05 (6) (b) 37. c. For an individual who is a nonresident or part-year resident
20 of this state, multiply the amount calculated under subd. 37. a. or b., by a fraction
21 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
22 net earnings from a trade or business that are taxable by this state and the
23 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
24 and net earnings from a trade or business. In this subd. 37. c., for married persons
25 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a

1 trade or business” means the separate wages, salary, ~~tips~~, unearned income, and net
2 earnings from a trade or business of each spouse, and for married persons filing
3 jointly “wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
4 business” means the total wages, salary, ~~tips~~, unearned income, and net earnings
5 from a trade or business of both spouses.

6 **SECTION 13.** 71.05 (6) (b) 37. d. of the statutes is amended to read:

7 71.05 (6) (b) 37. d. Reduce the amount calculated under subd. 37. a., b., or c.
8 to the individual’s aggregate wages, salary, ~~tips~~, unearned income, and net earnings
9 from a trade or business that are taxable by this state.

10 **SECTION 14.** 71.05 (6) (b) 38. c. of the statutes is amended to read:

11 71.05 (6) (b) 38. c. For an individual who is a nonresident or part-year resident
12 of this state, multiply the amount calculated under subd. 38. a. or b., by a fraction
13 the numerator of which is the individual’s wages, salary, ~~tips~~, unearned income, and
14 net earnings from a trade or business that are taxable by this state and the
15 denominator of which is the individual’s total wages, salary, ~~tips~~, unearned income,
16 and net earnings from a trade or business. In this subd. 38. c., for married persons
17 filing separately “wages, salary, ~~tips~~, unearned income, and net earnings from a
18 trade or business” means the separate wages, salary, ~~tips~~, unearned income, and net
19 earnings from a trade or business of each spouse, and for married persons filing
20 jointly “wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
21 business” means the total wages, salary, ~~tips~~, unearned income, and net earnings
22 from a trade or business of both spouses.

23 **SECTION 15.** 71.05 (6) (b) 38. d. of the statutes is amended to read:

1 71.05 (6) (b) 38. d. Reduce the amount calculated under subd. 38. a., b., or c.
2 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings
3 from a trade or business that are taxable by this state.

4 **SECTION 16.** 71.05 (6) (b) 39. c. of the statutes is amended to read:

5 71.05 (6) (b) 39. c. For an individual who is a nonresident or part-year resident
6 of this state, multiply the amount calculated under subd. 39. a. or b., by a fraction
7 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
8 net earnings from a trade or business that are taxable by this state and the
9 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
10 and net earnings from a trade or business. In this subd. 39. c., for married persons
11 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a
12 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net
13 earnings from a trade or business of each spouse, and for married persons filing
14 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
15 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
16 from a trade or business of both spouses.

17 **SECTION 17.** 71.05 (6) (b) 39. d. of the statutes is amended to read:

18 71.05 (6) (b) 39. d. Reduce the amount calculated under subd. 39. a., b., or c.
19 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings
20 from a trade or business that are taxable by this state.

21 **SECTION 18.** 71.05 (6) (b) 40. c. of the statutes is amended to read:

22 71.05 (6) (b) 40. c. For an individual who is a nonresident or part-year resident
23 of this state, multiply the amount calculated under subd. 40. a. or b., by a fraction
24 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
25 net earnings from a trade or business that are taxable by this state and the

1 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
2 and net earnings from a trade or business. In this subd. 40. c., for married persons
3 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a
4 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net
5 earnings from a trade or business of each spouse, and for married persons filing
6 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
7 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
8 from a trade or business of both spouses.

9 **SECTION 19.** 71.05 (6) (b) 40. d. of the statutes is amended to read:

10 71.05 (6) (b) 40. d. Reduce the amount calculated under subd. 40. a., b., or c.
11 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings
12 from a trade or business that are taxable by this state.

13 **SECTION 20.** 71.05 (6) (b) 41. c. of the statutes is amended to read:

14 71.05 (6) (b) 41. c. For an individual who is a nonresident or part-year resident
15 of this state, multiply the amount calculated under subd. 41. a. or b., by a fraction
16 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
17 net earnings from a trade or business that are taxable by this state and the
18 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
19 and net earnings from a trade or business. In this subd. 41. c., for married persons
20 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a
21 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net
22 earnings from a trade or business of each spouse, and for married persons filing
23 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
24 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
25 from a trade or business of both spouses.

1 **SECTION 21.** 71.05 (6) (b) 41. d. of the statutes is amended to read:

2 71.05 (6) (b) 41. d. Reduce the amount calculated under subd. 41. a., b., or c.
3 to the individual's aggregate wages, salary, ~~tips~~[✓], unearned income, and net earnings
4 from a trade or business that are taxable by this state.

5 **SECTION 22.** 71.05 (6) (b) 42. c. of the statutes is amended to read:

6 71.05 (6) (b) 42. c. For an individual who is a nonresident or part-year resident
7 of this state, multiply the amount calculated under subd. 42. a. or b., by a fraction
8 the numerator of which is the individual's wages, salary, ~~tips~~[✓], unearned income, and
9 net earnings from a trade or business that are taxable by this state and the
10 denominator of which is the individual's total wages, salary, ~~tips~~[✓], unearned income,
11 and net earnings from a trade or business. In this subd. 42. c., for married persons
12 filing separately "wages, salary, ~~tips~~[✓], unearned income, and net earnings from a
13 trade or business" means the separate wages, salary, ~~tips~~[✓], unearned income, and net
14 earnings from a trade or business of each spouse, and for married persons filing
15 jointly "wages, salary, ~~tips~~[✓], unearned income, and net earnings from a trade or
16 business" means the total wages, salary, ~~tips~~[✓], unearned income, and net earnings
17 from a trade or business of both spouses.

18 **SECTION 23.** 71.05 (6) (b) 42. d. of the statutes is amended to read:

19 71.05 (6) (b) 42. d. Reduce the amount calculated under subd. 42. a., b., or c.
20 to the individual's aggregate wages, salary, ~~tips~~[✓], unearned income, and net earnings
21 from a trade or business that are taxable by this state.

22 **SECTION 24.** 71.05 (6) (b) 43. f. of the statutes is amended to read:

23 71.05 (6) (b) 43. f. An individual who is a nonresident or part-year resident of
24 this state and who claims the subtraction under this subdivision shall multiply the
25 amount calculated under subd. 43. a., b., c., or d. by a fraction the numerator of which

1 is the individual's wages, salary, ~~tips~~, unearned income, and net earnings from a
2 trade or business that are taxable by this state and the denominator of which is the
3 individual's total wages, salary, ~~tips~~, unearned income, and net earnings from a trade
4 or business. In this subd. 43. f., for married persons filing separately "wages, salary,
5 ~~tips~~, unearned income, and net earnings from a trade or business" means the
6 separate wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
7 business of each spouse, and for married persons filing jointly "wages, salary, ~~tips~~,
8 unearned income, and net earnings from a trade or business" means the total wages,
9 salary, ~~tips~~, unearned income, and net earnings from a trade or business of both
10 spouses.

11 **SECTION 25.** 71.63 (6) (n) (intro.) of the ~~statutes~~ is renumbered 71.63 (6) (n) and
12 amended to read:

13 71.63 (6) (n) In the form of tips paid to employees if:

14 **SECTION 26.** 71.63 (6) (n) 1. and 2. of the ~~statutes~~ are repealed.

15 **SECTION 27. Initial applicability.**

16 (1) This act first applies to taxable years beginning after December 31, 2018.

17 (END)



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1146/P1
JK:kjf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in Tues 2-19
out Wed 2-20

1 **AN ACT to repeal** 71.63 (6) (n) 1. and 2.; **to renumber and amend** 71.63 (6) (n)
2 (intro.); **to amend** 71.05 (6) (b) 28. e., 71.05 (6) (b) 28. f., 71.05 (6) (b) 32. b., 71.05
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4 (b) 35. d., 71.05 (6) (b) 36. c., 71.05 (6) (b) 36. d., 71.05 (6) (b) 37. c., 71.05 (6) (b)
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7 71.05 (6) (b) 42. c., 71.05 (6) (b) 42. d. and 71.05 (6) (b) 43. f.; and **to create** 71.05
8 (1) (h) of the statutes; **relating to:** an income tax exemption for tips paid to an
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cash

Analysis by the Legislative Reference Bureau

This bill creates an income tax exemption for tips received by an employee from the customers of the employee's employer.

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.

cash

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:

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

2 71.05 (1) (h) *Tips*. Amounts received as tips by an employee from the customers
3 of the employee's employer.

4 **SECTION 2.** 71.05 (6) (b) 28. e. of the statutes is amended to read:

5 71.05 (6) (b) 28. e. For an individual who is a nonresident or part-year resident
6 of this state, multiply the amount calculated under subd. 28. a., am., b., c. or d. by
7 a fraction the numerator of which is the individual's wages, salary, ~~tips~~, unearned
8 income, and net earnings from a trade or business that are taxable by this state and
9 the denominator of which is the individual's total wages, salary, ~~tips~~, unearned
10 income, and net earnings from a trade or business. In this subd. 28. e., for married
11 persons filing separately "wages, salary, ~~tips~~, unearned income, and net earnings
12 from a trade or business" means the separate wages, salary, ~~tips~~, unearned income,
13 and net earnings from a trade or business of each spouse, and for married persons
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15 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
16 from a trade or business of both spouses.

17 **SECTION 3.** 71.05 (6) (b) 28. f. of the statutes is amended to read:

18 71.05 (6) (b) 28. f. Reduce the amount calculated under subd. 28. a., am., b., c.,
19 d. or e. to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net
20 earnings from a trade or business that are taxable by this state.

21 **SECTION 4.** 71.05 (6) (b) 32. b. of the statutes is amended to read:

1 71.05 (6) (b) 32. b. For an individual who is a nonresident or part-year resident
2 of this state, multiply the amount calculated under subd. 32. a. by a fraction the
3 numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and net
4 earnings from a trade or business that are taxable by this state and the denominator
5 of which is the individual's total wages, salary, ~~tips~~, unearned income, and net
6 earnings from a trade or business. In this subd. 32. b., for married persons filing
7 separately "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
8 business" means the separate wages, salary, ~~tips~~, unearned income, and net earnings
9 from a trade or business of each spouse, and for married persons filing jointly "wages,
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15 individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings from
16 a trade or business that are taxable by this state.

17 **SECTION 6.** 71.05 (6) (b) 33. b. of the statutes is amended to read:

18 71.05 (6) (b) 33. b. For an individual who is a nonresident or part-year resident
19 of this state, multiply the amount calculated under subd. 33. a. by a fraction the
20 numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and net
21 earnings from a trade or business that are taxable by this state and the denominator
22 of which is the individual's total wages, salary, ~~tips~~, unearned income, and net
23 earnings from a trade or business. In this subd. 33. b., for married persons filing
24 separately "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
25 business" means the separate wages, salary, ~~tips~~, unearned income, and net earnings

1 from a trade or business of each spouse, and for married persons filing jointly “wages,
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3 total wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business
4 of both spouses.

5 **SECTION 7.** 71.05 (6) (b) 33. c. of the statutes is amended to read:

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7 individual’s aggregate wages, salary, ~~tips~~, unearned income, and net earnings from
8 a trade or business that are taxable by this state.

9 **SECTION 8.** 71.05 (6) (b) 35. c. of the statutes is amended to read:

10 71.05 (6) (b) 35. c. For an individual who is a nonresident or part-year resident
11 of this state, multiply the amount calculated under subd. 35. a. or b., by a fraction
12 the numerator of which is the individual’s wages, salary, ~~tips~~, unearned income, and
13 net earnings from a trade or business that are taxable by this state and the
14 denominator of which is the individual’s total wages, salary, ~~tips~~, unearned income,
15 and net earnings from a trade or business. In this subd. 35. c., for married persons
16 filing separately “wages, salary, ~~tips~~, unearned income, and net earnings from a
17 trade or business” means the separate wages, salary, ~~tips~~, unearned income, and net
18 earnings from a trade or business of each spouse, and for married persons filing
19 jointly “wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
20 business” means the total wages, salary, ~~tips~~, unearned income, and net earnings
21 from a trade or business of both spouses.

22 **SECTION 9.** 71.05 (6) (b) 35. d. of the statutes is amended to read:

23 71.05 (6) (b) 35. d. Reduce the amount calculated under subd. 35. a., b., or c.
24 to the individual’s aggregate wages, salary, ~~tips~~, unearned income, and net earnings
25 from a trade or business that are taxable by this state.

1 **SECTION 10.** 71.05 (6) (b) 36. c. of the statutes is amended to read:

2 71.05 (6) (b) 36. c. For an individual who is a nonresident or part-year resident
3 of this state, multiply the amount calculated under subd. 36. a. or b., by a fraction
4 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
5 net earnings from a trade or business that are taxable by this state and the
6 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
7 and net earnings from a trade or business. In this subd. 36. c., for married persons
8 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a
9 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net
10 earnings from a trade or business of each spouse, and for married persons filing
11 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
12 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
13 from a trade or business of both spouses.

14 **SECTION 11.** 71.05 (6) (b) 36. d. of the statutes is amended to read:

15 71.05 (6) (b) 36. d. Reduce the amount calculated under subd. 36. a., b., or c.
16 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings
17 from a trade or business that are taxable by this state.

18 **SECTION 12.** 71.05 (6) (b) 37. c. of the statutes is amended to read:

19 71.05 (6) (b) 37. c. For an individual who is a nonresident or part-year resident
20 of this state, multiply the amount calculated under subd. 37. a. or b., by a fraction
21 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
22 net earnings from a trade or business that are taxable by this state and the
23 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
24 and net earnings from a trade or business. In this subd. 37. c., for married persons
25 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a

1 trade or business” means the separate wages, salary, ~~tips~~, unearned income, and net
2 earnings from a trade or business of each spouse, and for married persons filing
3 jointly “wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
4 business” means the total wages, salary, ~~tips~~, unearned income, and net earnings
5 from a trade or business of both spouses.

6 **SECTION 13.** 71.05 (6) (b) 37. d. of the statutes is amended to read:

7 71.05 (6) (b) 37. d. Reduce the amount calculated under subd. 37. a., b., or c.
8 to the individual’s aggregate wages, salary, ~~tips~~, unearned income, and net earnings
9 from a trade or business that are taxable by this state.

10 **SECTION 14.** 71.05 (6) (b) 38. c. of the statutes is amended to read:

11 71.05 (6) (b) 38. c. For an individual who is a nonresident or part-year resident
12 of this state, multiply the amount calculated under subd. 38. a. or b., by a fraction
13 the numerator of which is the individual’s wages, salary, ~~tips~~, unearned income, and
14 net earnings from a trade or business that are taxable by this state and the
15 denominator of which is the individual’s total wages, salary, ~~tips~~, unearned income,
16 and net earnings from a trade or business. In this subd. 38. c., for married persons
17 filing separately “wages, salary, ~~tips~~, unearned income, and net earnings from a
18 trade or business” means the separate wages, salary, ~~tips~~, unearned income, and net
19 earnings from a trade or business of each spouse, and for married persons filing
20 jointly “wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
21 business” means the total wages, salary, ~~tips~~, unearned income, and net earnings
22 from a trade or business of both spouses.

23 **SECTION 15.** 71.05 (6) (b) 38. d. of the statutes is amended to read:

1 71.05 (6) (b) 38. d. Reduce the amount calculated under subd. 38. a., b., or c.
2 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings
3 from a trade or business that are taxable by this state.

4 **SECTION 16.** 71.05 (6) (b) 39. c. of the statutes is amended to read:

5 71.05 (6) (b) 39. c. For an individual who is a nonresident or part-year resident
6 of this state, multiply the amount calculated under subd. 39. a. or b., by a fraction
7 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
8 net earnings from a trade or business that are taxable by this state and the
9 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
10 and net earnings from a trade or business. In this subd. 39. c., for married persons
11 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a
12 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net
13 earnings from a trade or business of each spouse, and for married persons filing
14 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
15 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
16 from a trade or business of both spouses.

17 **SECTION 17.** 71.05 (6) (b) 39. d. of the statutes is amended to read:

18 71.05 (6) (b) 39. d. Reduce the amount calculated under subd. 39. a., b., or c.
19 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings
20 from a trade or business that are taxable by this state.

21 **SECTION 18.** 71.05 (6) (b) 40. c. of the statutes is amended to read:

22 71.05 (6) (b) 40. c. For an individual who is a nonresident or part-year resident
23 of this state, multiply the amount calculated under subd. 40. a. or b., by a fraction
24 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
25 net earnings from a trade or business that are taxable by this state and the

1 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
2 and net earnings from a trade or business. In this subd. 40. c., for married persons
3 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a
4 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net
5 earnings from a trade or business of each spouse, and for married persons filing
6 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
7 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
8 from a trade or business of both spouses.

9 **SECTION 19.** 71.05 (6) (b) 40. d. of the statutes is amended to read:

10 71.05 (6) (b) 40. d. Reduce the amount calculated under subd. 40. a., b., or c.
11 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings
12 from a trade or business that are taxable by this state.

13 **SECTION 20.** 71.05 (6) (b) 41. c. of the statutes is amended to read:

14 71.05 (6) (b) 41. c. For an individual who is a nonresident or part-year resident
15 of this state, multiply the amount calculated under subd. 41. a. or b., by a fraction
16 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
17 net earnings from a trade or business that are taxable by this state and the
18 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
19 and net earnings from a trade or business. In this subd. 41. c., for married persons
20 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a
21 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net
22 earnings from a trade or business of each spouse, and for married persons filing
23 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
24 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
25 from a trade or business of both spouses.

1 **SECTION 21.** 71.05 (6) (b) 41. d. of the statutes is amended to read:

2 71.05 (6) (b) 41. d. Reduce the amount calculated under subd. 41. a., b., or c.
3 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings
4 from a trade or business that are taxable by this state.

5 **SECTION 22.** 71.05 (6) (b) 42. c. of the statutes is amended to read:

6 71.05 (6) (b) 42. c. For an individual who is a nonresident or part-year resident
7 of this state, multiply the amount calculated under subd. 42. a. or b., by a fraction
8 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and
9 net earnings from a trade or business that are taxable by this state and the
10 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,
11 and net earnings from a trade or business. In this subd. 42. c., for married persons
12 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a
13 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net
14 earnings from a trade or business of each spouse, and for married persons filing
15 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
16 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings
17 from a trade or business of both spouses.

18 **SECTION 23.** 71.05 (6) (b) 42. d. of the statutes is amended to read:

19 71.05 (6) (b) 42. d. Reduce the amount calculated under subd. 42. a., b., or c.
20 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings
21 from a trade or business that are taxable by this state.

22 **SECTION 24.** 71.05 (6) (b) 43. f. of the statutes is amended to read:

23 71.05 (6) (b) 43. f. An individual who is a nonresident or part-year resident of
24 this state and who claims the subtraction under this subdivision shall multiply the
25 amount calculated under subd. 43. a., b., c., or d. by a fraction the numerator of which

1 is the individual's wages, salary, ~~tips~~, unearned income, and net earnings from a
2 trade or business that are taxable by this state and the denominator of which is the
3 individual's total wages, salary, ~~tips~~, unearned income, and net earnings from a trade
4 or business. In this subd. 43. f., for married persons filing separately "wages, salary,
5 ~~tips~~, unearned income, and net earnings from a trade or business" means the
6 separate wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
7 business of each spouse, and for married persons filing jointly "wages, salary, ~~tips~~,
8 unearned income, and net earnings from a trade or business" means the total wages,
9 salary, ~~tips~~, unearned income, and net earnings from a trade or business of both
10 spouses.

11 **SECTION 25.** 71.63 (6) (n) (intro.) of the statutes is renumbered 71.63 (6) (n) and
12 amended to read:

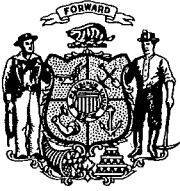
13 71.63 (6) (n) In the form of ^{cash} tips paid to employees if:

14 **SECTION 26.** 71.63 (6) (n) 1. and 2. of the statutes are repealed.

15 **SECTION 27. Initial applicability.**

16 (1) This act first applies to taxable years beginning after December 31, 2018.

17 (END)



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1146/P2
JK:kjf

11
No
changes

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 **AN ACT** *to repeal* 71.63 (6) (n) 1. and 2.; *to renumber and amend* 71.63 (6) (n)
2 (intro.); *to amend* 71.05 (6) (b) 28. e., 71.05 (6) (b) 28. f., 71.05 (6) (b) 32. b., 71.05
3 (6) (b) 32. c., 71.05 (6) (b) 33. b., 71.05 (6) (b) 33. c., 71.05 (6) (b) 35. c., 71.05 (6)
4 (b) 35. d., 71.05 (6) (b) 36. c., 71.05 (6) (b) 36. d., 71.05 (6) (b) 37. c., 71.05 (6) (b)
5 37. d., 71.05 (6) (b) 38. c., 71.05 (6) (b) 38. d., 71.05 (6) (b) 39. c., 71.05 (6) (b) 39.
6 d., 71.05 (6) (b) 40. c., 71.05 (6) (b) 40. d., 71.05 (6) (b) 41. c., 71.05 (6) (b) 41. d.,
7 71.05 (6) (b) 42. c., 71.05 (6) (b) 42. d. and 71.05 (6) (b) 43. f.; and *to create* 71.05
8 (1) (h) of the statutes; **relating to:** an income tax exemption for cash tips paid
9 to an employee.

Analysis by the Legislative Reference Bureau

This bill creates an income tax exemption for cash tips received by an employee from the customers of the employee's employer.

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.

1 is the individual's wages, salary, ~~tips~~, unearned income, and net earnings from a
2 trade or business that are taxable by this state and the denominator of which is the
3 individual's total wages, salary, ~~tips~~, unearned income, and net earnings from a trade
4 or business. In this subd. 43. f., for married persons filing separately "wages, salary,
5 ~~tips~~, unearned income, and net earnings from a trade or business" means the
6 separate wages, salary, ~~tips~~, unearned income, and net earnings from a trade or
7 business of each spouse, and for married persons filing jointly "wages, salary, ~~tips~~,
8 unearned income, and net earnings from a trade or business" means the total wages,
9 salary, ~~tips~~, unearned income, and net earnings from a trade or business of both
10 spouses.

11 **SECTION 25.** 71.63 (6) (n) (intro.) of the statutes is renumbered 71.63 (6) (n) and
12 amended to read:

13 71.63 (6) (n) In the form of cash tips paid to employees if:

14 **SECTION 26.** 71.63 (6) (n) 1. and 2. of the statutes are repealed.

15 **SECTION 27. Initial applicability.**

16 (1) This act first applies to taxable years beginning after December 31, 2018.

17 (END)

Walker, Dan

From: Nelson, Christina
Sent: Wednesday, April 24, 2019 1:23 PM
To: LRB.Legal
Subject: Draft Review: LRB -1146/1

Please Jacket LRB -1146/1 for the ASSEMBLY.