2021 ASSEMBLY BILL 39

February 10, 2021 - Introduced by Representatives EDMING, ARMSTRONG, BRANDTJEN, BROOKS, CALLAHAN, DITTRICH, HORLACHER, MILROY, MOSES, MURPHY, MURSAU, ROZAR, SCHRAA, SINICKI, TAUCHEN, THIESFELDT, TRANEL and WICHGERS, cosponsored by Senators JACQUE, FELZKOWSKI, CARPENTER and WANGGAARD. Referred to Committee on Ways and Means.

AN ACT to create 71.05 (6) (b) 54. and 71.07 (6m) (c) 5. of the statutes; relating to: exempting military income received by active duty members of the U.S. armed forces and sunsetting the armed forces member tax credit.

Analysis by the Legislative Reference Bureau

This bill exempts from taxation the military income received by active duty members of the U.S. armed forces and sunsets the armed forces member tax credit.

Under current law, military income received from the federal government by a member of a reserve component of the U.S. armed forces who is called into specified active federal service or special state service is exempt from state income taxes while the member is on active duty. Under the bill, military income received from the federal government by any individual who is on active duty in the U.S. armed forces is exempt from state income taxes.

Current law allows an active duty member of the U.S. armed forces to claim a tax credit of up to $300 of military income for services performed while stationed outside the United States. The bill provides that no new claims may be made for the credit for taxable years that begin after December 31, 2020.

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:

SECTION 1. 71.05 (6) (b) 54. of the statutes is created to read:

71.05 (6) (b) 54. For taxable years that begin after December 31, 2020, any amount of basic, special, or incentive pay income, as those terms are used in 37 USC chapters 3 and 5, received from the federal government by an individual who is on active duty in the U.S. armed forces, as defined in 26 USC 7701 (a) (15), to the extent that such income is not subtracted under subd. 34.

SECTION 2. 71.07 (6m) (c) 5. of the statutes is created to read:

71.07 (6m) (c) 5. No new claims may be filed under this subsection for taxable years that begin after December 31, 2020.

(END)