



State of Wisconsin
2025 - 2026 LEGISLATURE

LRBs0228/1

EKL:skw

**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 674**

January 9, 2026 - Offered by Senator FELZKOWSKI.

- 1 **AN ACT to create** 71.05 (6) (a) 30. and 71.05 (6) (b) 57. of the statutes; **relating**
2 **to:** individual income tax subtraction for losses due to financial exploitation.

Analysis by the Legislative Reference Bureau

This bill allows individuals to subtract losses from their financial accounts due to financial exploitation when calculating their income for tax purposes, beginning with taxable year 2024. Under the bill, the subtraction occurs in the taxable year in which the loss is discovered. The bill provides that financial exploitation is considered to occur if it was reported to law enforcement officials and there is no reasonable prospect of recovery of the loss through legal action, insurance claim, or other compensation.

The bill provides that the subtraction may not exceed the amount lost that was otherwise subject to tax and that no amount may be subtracted unless the withdrawal or disbursement from the account was included in gross income for federal tax purposes. The bill further provides that any amount subtracted may not be deducted or excluded from income, or claimed as a credit, under any other income tax provision.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

