

**REPORT
STATE OF WISCONSIN
JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS
2025 SENATE BILL 256**

[Introduced by Senator Bradley and cosponsored by Representative Dallman]

This report concerns 2025 Senate Bill 256, relating to delivery network couriers and transportation network drivers, Department of Financial Institutions (DFI) approval to offer portable benefit accounts, providing for insurance coverage, modifying administrative rules related to accident and sickness insurance, and granting rule-making authority.

GENERAL NATURE OF PROPOSAL

The bill creates a new test for determining whether an “application-based driver” performing services for a “network company,” as such terms are defined in the bill, is characterized as an independent contractor rather than an employee in certain instances. If the new test is found to be invalid by a court, then the remaining provisions of the bill will not apply.

The bill provides that network companies may offer portable benefit accounts to drivers, and a financial services provider or other person may obtain approval from DFI to administer such accounts. The accounts may be made available to drivers who earn at least \$750 in a calendar quarter from a network company. If the company contributes to an account, it must contribute four percent of the driver’s earnings in the previous quarter, minus tips. Network companies may also offer their drivers accident or sickness insurance or occupational accident insurance, as specified in the bill.

The portable benefit accounts created under the bill are tax preferred, in that any contribution by the account owner will be subtracted from their income for state income tax purposes. However, withdrawals can be used only for certain purposes, such as payment of health insurance premiums or supplementing lost income due to injury or illness, as specified in the bill. Any withdrawal for an unauthorized purpose will trigger a tax plus a 10 percent penalty.

LEGALITY INVOLVED

There are no issues of legality impacting any of the tax-exemption-related provisions in the bill.

FISCAL EFFECT

DFI estimates that the bill would create annual staff costs of \$180,500 for two new employees to perform the department’s responsibilities relating to portable benefit accounts. The decrease to state income tax revenue resulting from owner contributions to portable benefit accounts is indeterminate. The Department of Workforce Development estimates that the bill would reduce the Unemployment Insurance Trust Fund balance by about \$2.7 million annually.

PUBLIC POLICY INVOLVED

The Joint Survey Committee on Tax Exemptions finds that the tax-exemption-related provisions in the bill are not good public policy on a vote of Ayes, 6; Noes, 3.

06/17/25

JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS