



State of Wisconsin
2021 - 2022 LEGISLATURE

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**SENATE AMENDMENT 1,
TO ASSEMBLY BILL 2**

February 16, 2021 - Offered by Senators RINGHAND, AGARD, BEWLEY, CARPENTER,
ERPENBACH, JOHNSON, LARSON, PFAFF, ROYS, SMITH and WIRCH.

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 15, line 9: after that line insert:

3 **"SECTION 25m.** 71.05 (1) (h) of the statutes is created to read:

4 71.05 (1) (h) *Wisconsin grants awarded during and related to the pandemic.*

5 Income received in the form of a grant issued by the state with moneys received from
6 the coronavirus relief fund authorized under 42 USC 801 and income in the form of
7 a grant issued by a state agency or the Wisconsin Economic Development
8 Corporation during and related to the COVID-19 pandemic, including grants
9 awarded under the ethnic minority emergency grant program. Amounts otherwise
10 deductible under this chapter that are paid directly or indirectly with the grant
11 money are deductible."

12 **2.** Page 30, line 2: after that line insert:

1 **“SECTION 61d.** 71.26 (3) (ag) of the statutes is renumbered 71.26 (3) (ag) (intro.)
2 and amended to read:

3 71.26 **(3)** (ag) (intro.) Section 61 (relating to the definition of gross income) is
4 modified to exclude ~~income~~ the following:

5 1. Income received by the original policyholder or original certificate holder
6 who has a catastrophic or life-threatening illness or condition from the sale of a life
7 insurance policy or certificate, or the sale of the death benefit under a life insurance
8 policy or certificate, under a life settlement contract, as defined in s. 632.69 (1) (k).
9 In this paragraph, “catastrophic or life-threatening illness or condition” includes
10 AIDS, as defined in s. 49.686 (1) (a), and HIV infection, as defined in s. 49.686 (1) (d).

11 **SECTION 61e.** 71.26 (3) (ag) 2. of the statutes is created to read:

12 71.26 **(3)** (ag) 2. Income received in the form of a grant issued by the state with
13 moneys received from the coronavirus relief fund authorized under 42 USC 801 and
14 income in the form of a grant issued by a state agency or the Wisconsin Economic
15 Development Corporation during and related to the COVID-19 pandemic, including
16 grants awarded under the ethnic minority emergency grant program. Amounts
17 otherwise deductible under this chapter that are paid directly or indirectly with the
18 grant money are deductible.

19 **SECTION 61f.** 71.26 (3) (L) of the statutes is amended to read:

20 71.26 **(3)** (L) Section 265 is excluded and replaced by the rule that any amount
21 otherwise deductible under this chapter that is directly or indirectly related to
22 income wholly exempt from taxes imposed by this chapter or to losses from the sale
23 or other disposition of assets the gain from which would be exempt under this
24 paragraph if the assets were sold or otherwise disposed of at a gain is not deductible.
25 In this paragraph, “wholly exempt income”, for corporations subject to franchise or

1 income taxes, includes amounts received from affiliated or subsidiary corporations
2 for interest, dividends or capital gains that, because of the degree of common
3 ownership, control or management between the payor and payee, are not subject to
4 taxes under this chapter. In this paragraph, “wholly exempt income”, for
5 corporations subject to income taxation under this chapter, also includes interest on
6 obligations of the United States. In this paragraph, “wholly exempt income” does not
7 include income excludable, not recognized, exempt or deductible under specific
8 provisions of this chapter. If any expense or amount otherwise deductible is
9 indirectly related both to wholly exempt income or loss and to other income or loss,
10 a reasonable proportion of the expense or amount shall be allocated to each type of
11 income or loss, in light of all the facts and circumstances. This paragraph does not
12 apply to the exclusion under par. (ag) 2.”.

13 **3.** Page 33, line 21: after that line insert:

14 “**SECTION 70m.** 71.34 (1k) (af) of the statutes is created to read:

15 71.34 (**1k**) (af) Section 61 of the Internal Revenue Code is modified so that
16 income received in the form of a grant issued by the state with moneys received from
17 the coronavirus relief fund authorized under 42 USC 801 and income in the form of
18 a grant issued by a state agency or the Wisconsin Economic Development
19 Corporation during and related to the COVID-19 pandemic, including grants
20 awarded under the ethnic minority emergency grant program, is not taxable income.
21 Amounts otherwise deductible under this chapter that are paid directly or indirectly
22 with the grant money are deductible.”.

23 **4.** Page 37, line 3: after that line insert:

24 “**SECTION 80m.** 71.45 (1) (d) of the statutes is created to read:

1 71.45 (1) (d) Income received in the form of a grant issued by the state with
2 moneys received from the coronavirus relief fund authorized under 42 USC 801 and
3 income in the form of a grant issued by a state agency or the Wisconsin Economic
4 Development Corporation during and related to the COVID-19 pandemic, including
5 grants awarded under the ethnic minority emergency grant program. Amounts
6 otherwise deductible under this chapter that are paid directly or indirectly with the
7 grant money are deductible.

8 **SECTION 80n.** 71.45 (2) (a) 22. of the statutes is created to read:

9 71.45 (2) (a) 22. By subtracting from federal taxable income, to the extent
10 included in federal taxable income, income received in the form of a grant issued by
11 the state with moneys received from the coronavirus relief fund authorized under 42
12 USC 801 and income in the form of a grant issued by a state agency or the Wisconsin
13 Economic Development Corporation during and related to the COVID-19 pandemic,
14 including grants awarded under the ethnic minority emergency grant program.
15 Amounts otherwise deductible under this chapter that are paid directly or indirectly
16 with the grant money are deductible.”.

17 **5.** Page 52, line 25: after that line insert:

18 “(6m) INCOME FROM GRANTS. The treatment of ss. 71.05 (1) (h), 71.26 (3) (ag) 2.
19 and (L), 71.34 (1k) (af), and 71.45 (1) (d) and (2) (a) 22. first applies to taxable years
20 beginning after December 31, 2019.”.

21 **(END)**