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# Wisconsin Legislative Council

## AMENDMENT MEMO

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**Contact:** Scott Grosz, Principal Attorney

**2021 Assembly Bill 2**

**Assembly Substitute  
Amendment 3, as Amended**

### 2021 ASSEMBLY BILL 2

2021 Assembly Bill 2 makes various changes to the laws administered and enforced by the Department of Revenue (DOR). In summary, the bill:

- Modifies certain shared revenue payment and Consumer Price Index (CPI) calculation dates.
- Reduces the omitted tax property reporting threshold from \$5,000 to \$250.
- Increases the fee for filing a manufacturing property objection to assessment from \$45 to \$200.
- Alters the filing and determination dates for railroad companies to match that of other utilities.
- Decreases the interest paid on license fees paid by utilities from nine percent to three percent.
- Modifies annual training requirements for members of local boards of review.
- Permits DOR to determine fees for assessor certification based on actual cost, not to exceed \$75.
- Clarifies that the leasing of all or part of any property owned by a tax-exempt church or religious association or institution to an educational association or institution that is similarly tax exempt under Wisconsin law does not render the property taxable, regardless of how the lessor uses the leasehold income.
- Replaces certain obsolete references to the Internal Revenue Code (IRC) related to the disability income subtraction.
- Defines “earned income” and clarifies “primary income from farming” for the purposes of the homestead credit.
- Increases the time for providing corrections to DOR in relation to DOR final audit determinations from 90 days to 180 days.
- Modifies the historic rehabilitation tax credit transfer procedure to permit a person to file a claim in more than one year.
- Adopts various provisions of the IRC for the purposes of state income and franchise taxes.
- Modifies existing provisions and eliminates obsolete provisions related to the medical care insurance subtraction for self-employed individuals.
- Permits an individual to elect not to claim the qualified retirement plan exemption if it would result in the taxpayer receiving a larger homestead credit.
- Creates a sales and use tax exemption for certain property sold to and stored, used, or otherwise consumed by a construction contractor that, in fulfillment of a construction activity, becomes a component of a facility located in Wisconsin that is owned by the University of Wisconsin Hospital and Clinics Authority.

- Clarifies that the sales tax transfer exemption applies without regard to whether a service is taxable.
- Modifies the sales and use tax exemption for churches, religious organizations, and certain specific nonprofit organizations to conform to DOR's current administrative practices.
- Alters the sales tax collection standard for out-of-state retailers from \$100,000 in sales or more than 200 sales transactions to \$100,000 in sales.
- Allows the Legislative Audit Bureau to examine DOR sales and use tax returns for the purposes of carrying out its duties.
- Eliminates the restriction under current law that prohibits a county treasurer from paying town funds to the town treasurer at certain times of the year.

### **ASSEMBLY SUBSTITUTE AMENDMENT 3**

Generally, Assembly Substitute Amendment 3 makes revisions to the various provisions of the IRC enacted through December 31, 2020 that are adopted under the bill for the purposes of state income and franchise taxes, rather than through December 31, 2019, as previously amended. Most prominently, the substitute amendment federalizes Wisconsin tax law with respect to treatment of loans under the paycheck protection program and deduction of expenses paid with funds from such loans. The substitute amendment also clarifies the state's adoption of a shortened depreciation period for residential property.

In similar fashion to the treatment of loans under the paycheck protection program and deduction of expenses paid with funds from such loans, the substitute amendment provides an exemption of income from state income and franchise tax, and allows deduction of expenses paid from such income, for income received from certain economic support programs funded through the Coronavirus Relief Fund created under the federal CARES Act.<sup>1</sup>

Additionally, the substitute amendment revises the effective dates of certain provisions of the bill, such as those relating to changes to the homestead tax credit, shared revenue calculations, and reporting of property omitted from assessment, and also revises annual training requirements applicable to the members of a property tax board of review to require at least one member of a board to complete training each year.<sup>2</sup>

### **ASSEMBLY AMENDMENT 3 TO ASSEMBLY SUBSTITUTE AMENDMENT 3**

Assembly Amendment 3 to Assembly Substitute Amendment 3, as amended by Assembly Amendment 1 to Assembly Amendment 3, extends the exemption of income from state income and franchise tax, and deductibility of expenses paid from such income, to income received from grants awarded under the ethnic minority emergency grant program.

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<sup>1</sup> For additional description of the provisions of the substitute amendment, see the following publication issued by the Legislative Fiscal Bureau:  
[https://docs.legis.wisconsin.gov/misc/lfb/misc/217\\_assembly\\_substitute\\_amendment\\_3\\_to\\_assembly\\_bill\\_2\\_2\\_17\\_21.pdf](https://docs.legis.wisconsin.gov/misc/lfb/misc/217_assembly_substitute_amendment_3_to_assembly_bill_2_2_17_21.pdf).

<sup>2</sup> As introduced, Assembly Bill 2 revised the training requirements to require all board of review members to complete the annual training, allowing the requirement to be satisfied electronically as long as one member attended training in person each year.

## **BILL HISTORY**

Representative Wittke introduced Assembly Bill 2 on January 15, 2021, and offered Assembly Substitute Amendment 3 to the bill on February 16, 2021. On the same day, Representative Anderson, and others, offered Assembly Amendment 3 to the substitute amendment, and Representative Loudenbeck offered Assembly Amendment 1 to Assembly Amendment 3 to the substitute amendment. On February 16, 2021, after adopting the amendments on voice votes, the Assembly passed Assembly Bill 2 on a vote of Ayes, 87; Noes, 3.

SG:jal