



State of Wisconsin  
2021 - 2022 LEGISLATURE

LRBa0142/1  
JK:cdc

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

February 10, 2021 - Offered by JOINT COMMITTEE ON FINANCE.

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 15, line 13: 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 from the federal coronavirus relief fund.*

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. Amounts otherwise

7 deductible under this chapter that are paid directly or indirectly with the grant

8 money are deductible.”.

9 **2.** Page 30, line 20: after that line insert:

10 “**SECTION 61d.** 71.26 (3) (ag) of the statutes is renumbered 71.26 (3) (ag) (intro.)

11 and amended to read:

1           71.26 (3) (ag) (intro.) Section 61 (relating to the definition of gross income) is  
2 modified to exclude income the following:

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

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

10           71.26 (3) (ag) 2. Income received in the form of a grant issued by the state with  
11 moneys received from the coronavirus relief fund authorized under 42 USC 801.  
12 Amounts otherwise deductible under this chapter that are paid directly or indirectly  
13 with the grant money are deductible.

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

15           71.26 (3) (L) Section 265 is excluded and replaced by the rule that any amount  
16 otherwise deductible under this chapter that is directly or indirectly related to  
17 income wholly exempt from taxes imposed by this chapter or to losses from the sale  
18 or other disposition of assets the gain from which would be exempt under this  
19 paragraph if the assets were sold or otherwise disposed of at a gain is not deductible.  
20 In this paragraph, “wholly exempt income”, for corporations subject to franchise or  
21 income taxes, includes amounts received from affiliated or subsidiary corporations  
22 for interest, dividends or capital gains that, because of the degree of common  
23 ownership, control or management between the payor and payee, are not subject to  
24 taxes under this chapter. In this paragraph, “wholly exempt income”, for  
25 corporations subject to income taxation under this chapter, also includes interest on

1 obligations of the United States. In this paragraph, “wholly exempt income” does not  
2 include income excludable, not recognized, exempt or deductible under specific  
3 provisions of this chapter. If any expense or amount otherwise deductible is  
4 indirectly related both to wholly exempt income or loss and to other income or loss,  
5 a reasonable proportion of the expense or amount shall be allocated to each type of  
6 income or loss, in light of all the facts and circumstances. This paragraph does not  
7 apply to the exclusion under par. (ag) 2.”

8 **3.** Page 34, line 19: after that line insert:

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

10 71.34 **(1k)** (af) Section 61 of the Internal Revenue Code is modified so that  
11 income received in the form of a grant issued by the state with moneys received from  
12 the coronavirus relief fund authorized under 42 USC 801 is not taxable income.  
13 Amounts otherwise deductible under this chapter that are paid directly or indirectly  
14 with the grant money are deductible.”

15 **4.** Page 38, line 6: after that line insert:

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

17 71.45 **(1)** (d) Income received in the form of a grant issued by the state with  
18 moneys received from the coronavirus relief fund authorized under 42 USC 801.  
19 Amounts otherwise deductible under this chapter that are paid directly or indirectly  
20 with the grant money are deductible.

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

22 71.45 **(2)** (a) 22. By subtracting from federal taxable income, to the extent  
23 included in federal taxable income, income received in the form of a grant issued by  
24 the state with moneys received from the coronavirus relief fund authorized under 42

1 USC 801. Amounts otherwise deductible under this chapter that are paid directly  
2 or indirectly with the grant money are deductible.”.

3 **5.** Page 54, line 5: after that line insert:

4 “(6m) INCOME FROM GRANTS. The treatment of ss. 71.05 (1) (h), 71.26 (3) (ag) 2.  
5 and (L), 71.34 (1k) (af), and 71.45 (1) (d) and (2) (a) 22. first applies to taxable years  
6 beginning after December 31, 2019.”.

7 (END)