

State of Wisconsin



2021 Assembly Bill 717

Date of enactment:
Date of publication*:

2021 WISCONSIN ACT

AN ACT *to amend* 71.26 (3) (L); and *to create* 71.05 (1) (hp), 71.26 (3) (ag) 4., 71.34 (1k) (ai), 71.45 (1) (dn) and 71.45 (2) (a) 24. of the statutes; **relating to:** an income and franchise tax exemption for restaurant revitalization grants.

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

SECTION 1. 71.05 (1) (hp) of the statutes is created to read:

71.05 (1) (hp) *Grants from the federal restaurant revitalization fund.* Income received in the form of a grant from the restaurant revitalization fund under section 5003 of the federal American Rescue Plan Act of 2021, P.L. 117-2. Amounts otherwise deductible under this chapter that are paid directly or indirectly with the grant money are deductible. Amounts excluded under this paragraph by a tax-option corporation or partnership shall be treated as tax-exempt income for purposes of sections 705 and 1366 of the Internal Revenue Code.

SECTION 2. 71.26 (3) (ag) 4. of the statutes is created to read:

71.26 (3) (ag) 4. Income received in the form of a grant from the restaurant revitalization fund under section 5003 of the federal American Rescue Plan Act of 2021, P.L. 117-2. Amounts otherwise deductible under this chapter that are paid directly or indirectly with the grant money are deductible. Amounts excluded under this subdivision by a tax-option corporation or partnership shall be treated as tax-exempt income for purposes of sections 705 and 1366 of the Internal Revenue Code.

SECTION 3. 71.26 (3) (L) of the statutes, as affected by 2021 Wisconsin Act 1, is amended to read:

71.26 (3) (L) Section 265 is excluded and replaced by the rule that any amount otherwise deductible under this chapter that is directly or indirectly related to income wholly exempt from taxes imposed by this chapter or to losses from the sale or other disposition of assets the gain from which would be exempt under this paragraph if the assets were sold or otherwise disposed of at a gain is not deductible. In this paragraph, "wholly exempt income", for corporations subject to franchise or income taxes, includes amounts received from affiliated or subsidiary corporations for interest, dividends or capital gains that, because of the degree of common ownership, control or management between the payor and payee, are not subject to taxes under this chapter. In this paragraph, "wholly exempt income", for corporations subject to income taxation under this chapter, also includes interest on obligations of the United States. In this paragraph, "wholly exempt income" does not include income excludable, not recognized, exempt or deductible under specific provisions of this chapter. If any expense or amount otherwise deductible is indirectly related both to wholly exempt income or loss and to other income or loss, a reasonable proportion of the expense or amount shall be allocated to each type of income or loss, in light

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

of all the facts and circumstances. This paragraph does not apply to the exclusion under par. (ag) 2. ~~or 3.~~ or 4.

SECTION 4. 71.34 (1k) (ai) of the statutes is created to read:

71.34 (1k) (ai) Section 61 of the Internal Revenue Code is modified so that income received in the form of a grant from the restaurant revitalization fund, under section 5003 of the federal American Rescue Plan Act of 2021, P.L. 117-2, is not taxable income. Amounts otherwise deductible under this chapter that are paid directly or indirectly with the grant money are deductible. Amounts excluded under this paragraph by a tax-option corporation or partnership shall be treated as tax-exempt income for purposes of sections 705 and 1366 of the Internal Revenue Code.

SECTION 5. 71.45 (1) (dn) of the statutes is created to read:

71.45 (1) (dn) Income received in the form of a grant from the restaurant revitalization fund under section 5003 of the federal American Rescue Plan Act of 2021, P.L. 117-2. Amounts otherwise deductible under this

chapter that are paid directly or indirectly with the grant money are deductible. Amounts excluded under this paragraph by a tax-option corporation or partnership shall be treated as tax-exempt income for purposes of sections 705 and 1366 of the Internal Revenue Code.

SECTION 6. 71.45 (2) (a) 24. of the statutes is created to read:

71.45 (2) (a) 24. By subtracting from federal taxable income, to the extent included in federal taxable income, income received in the form of a grant from the restaurant revitalization fund under section 5003 of the federal American Rescue Plan Act of 2021, P.L. 117-2. Amounts otherwise deductible under this chapter that are paid directly or indirectly with the grant money are deductible. Amounts excluded under this subdivision by a tax-option corporation or partnership shall be treated as tax-exempt income for purposes of sections 705 and 1366 of the Internal Revenue Code.

SECTION 7. Initial applicability.

(1) This act first applies to taxable years beginning after December 31, 2020.
