



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-3028/1  
JK:kjf

## 2019 SENATE BILL 213

May 15, 2019 - Introduced by Senators JACQUE, CARPENTER and L. TAYLOR, cosponsored by Representatives HORLACHER, SARGENT, BROOKS, EDMING, HUTTON, MAGNAFICI, PLUMER, PRONSCHINSKE, QUINN, SCHRAA, SPREITZER, TUSLER, VRUWINK, ZIMMERMAN and SKOWRONSKI. Referred to Committee on Agriculture, Revenue and Financial Institutions.

1     **AN ACT** *to repeal* 71.63 (6) (n) 1. and 2.; *to renumber and amend* 71.63 (6) (n)  
2           (intro.); *to amend* 71.05 (6) (b) 28. e., 71.05 (6) (b) 28. f., 71.05 (6) (b) 32. b., 71.05  
3           (6) (b) 32. c., 71.05 (6) (b) 33. b., 71.05 (6) (b) 33. c., 71.05 (6) (b) 35. c., 71.05 (6)  
4           (b) 35. d., 71.05 (6) (b) 36. c., 71.05 (6) (b) 36. d., 71.05 (6) (b) 37. c., 71.05 (6) (b)  
5           37. d., 71.05 (6) (b) 38. c., 71.05 (6) (b) 38. d., 71.05 (6) (b) 39. c., 71.05 (6) (b) 39.  
6           d., 71.05 (6) (b) 40. c., 71.05 (6) (b) 40. d., 71.05 (6) (b) 41. c., 71.05 (6) (b) 41. d.,  
7           71.05 (6) (b) 42. c., 71.05 (6) (b) 42. d. and 71.05 (6) (b) 43. f.; and *to create* 71.05  
8           (1) (h) of the statutes; **relating to:** an income tax exemption for cash tips paid  
9           to an employee.

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### *Analysis by the Legislative Reference Bureau*

This bill creates an income tax exemption for cash tips received by an employee from the customers of the employee's employer.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

**SENATE BILL 213**

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

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

2           71.05 (1) (h) *Tips.* Amounts received as cash tips by an employee from the  
3 customers of the employee's employer.

4           **SECTION 2.** 71.05 (6) (b) 28. e. of the statutes is amended to read:

5           71.05 (6) (b) 28. e. For an individual who is a nonresident or part-year resident  
6 of this state, multiply the amount calculated under subd. 28. a., am., b., c. or d. by  
7 a fraction the numerator of which is the individual's wages, salary, ~~tips~~, unearned  
8 income, and net earnings from a trade or business that are taxable by this state and  
9 the denominator of which is the individual's total wages, salary, ~~tips~~, unearned  
10 income, and net earnings from a trade or business. In this subd. 28. e., for married  
11 persons filing separately "wages, salary, ~~tips~~, unearned income, and net earnings  
12 from a trade or business" means the separate wages, salary, ~~tips~~, unearned income,  
13 and net earnings from a trade or business of each spouse, and for married persons  
14 filing jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
15 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings  
16 from a trade or business of both spouses.

17           **SECTION 3.** 71.05 (6) (b) 28. f. of the statutes is amended to read:

18           71.05 (6) (b) 28. f. Reduce the amount calculated under subd. 28. a., am., b., c.,  
19 d. or e. to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net  
20 earnings from a trade or business that are taxable by this state.

21           **SECTION 4.** 71.05 (6) (b) 32. b. of the statutes is amended to read:

**SENATE BILL 213****SECTION 4**

1           71.05 (6) (b) 32. b. For an individual who is a nonresident or part-year resident  
2 of this state, multiply the amount calculated under subd. 32. a. by a fraction the  
3 numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and net  
4 earnings from a trade or business that are taxable by this state and the denominator  
5 of which is the individual's total wages, salary, ~~tips~~, unearned income, and net  
6 earnings from a trade or business. In this subd. 32. b., for married persons filing  
7 separately "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
8 business" means the separate wages, salary, ~~tips~~, unearned income, and net earnings  
9 from a trade or business of each spouse, and for married persons filing jointly "wages,  
10 salary, ~~tips~~, unearned income, and net earnings from a trade or business" means the  
11 total wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business  
12 of both spouses.

13           **SECTION 5.** 71.05 (6) (b) 32. c. of the statutes is amended to read:

14           71.05 (6) (b) 32. c. Reduce the amount calculated under subd. 32. a. or b. to the  
15 individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings from  
16 a trade or business that are taxable by this state.

17           **SECTION 6.** 71.05 (6) (b) 33. b. of the statutes is amended to read:

18           71.05 (6) (b) 33. b. For an individual who is a nonresident or part-year resident  
19 of this state, multiply the amount calculated under subd. 33. a. by a fraction the  
20 numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and net  
21 earnings from a trade or business that are taxable by this state and the denominator  
22 of which is the individual's total wages, salary, ~~tips~~, unearned income, and net  
23 earnings from a trade or business. In this subd. 33. b., for married persons filing  
24 separately "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
25 business" means the separate wages, salary, ~~tips~~, unearned income, and net earnings

**SENATE BILL 213****SECTION 6**

1 from a trade or business of each spouse, and for married persons filing jointly “wages,  
2 salary, ~~tips~~, unearned income, and net earnings from a trade or business” means the  
3 total wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business  
4 of both spouses.

5 **SECTION 7.** 71.05 (6) (b) 33. c. of the statutes is amended to read:

6 71.05 **(6)** (b) 33. c. Reduce the amount calculated under subd. 33. a. or b. to the  
7 individual’s aggregate wages, salary, ~~tips~~, unearned income, and net earnings from  
8 a trade or business that are taxable by this state.

9 **SECTION 8.** 71.05 (6) (b) 35. c. of the statutes is amended to read:

10 71.05 **(6)** (b) 35. c. For an individual who is a nonresident or part-year resident  
11 of this state, multiply the amount calculated under subd. 35. a. or b., by a fraction  
12 the numerator of which is the individual’s wages, salary, ~~tips~~, unearned income, and  
13 net earnings from a trade or business that are taxable by this state and the  
14 denominator of which is the individual’s total wages, salary, ~~tips~~, unearned income,  
15 and net earnings from a trade or business. In this subd. 35. c., for married persons  
16 filing separately “wages, salary, ~~tips~~, unearned income, and net earnings from a  
17 trade or business” means the separate wages, salary, ~~tips~~, unearned income, and net  
18 earnings from a trade or business of each spouse, and for married persons filing  
19 jointly “wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
20 business” means the total wages, salary, ~~tips~~, unearned income, and net earnings  
21 from a trade or business of both spouses.

22 **SECTION 9.** 71.05 (6) (b) 35. d. of the statutes is amended to read:

23 71.05 **(6)** (b) 35. d. Reduce the amount calculated under subd. 35. a., b., or c.  
24 to the individual’s aggregate wages, salary, ~~tips~~, unearned income, and net earnings  
25 from a trade or business that are taxable by this state.

**SENATE BILL 213****SECTION 10**

1           **SECTION 10.** 71.05 (6) (b) 36. c. of the statutes is amended to read:

2           71.05 (6) (b) 36. c. For an individual who is a nonresident or part-year resident  
3 of this state, multiply the amount calculated under subd. 36. a. or b., by a fraction  
4 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and  
5 net earnings from a trade or business that are taxable by this state and the  
6 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,  
7 and net earnings from a trade or business. In this subd. 36. c., for married persons  
8 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a  
9 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net  
10 earnings from a trade or business of each spouse, and for married persons filing  
11 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
12 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings  
13 from a trade or business of both spouses.

14           **SECTION 11.** 71.05 (6) (b) 36. d. of the statutes is amended to read:

15           71.05 (6) (b) 36. d. Reduce the amount calculated under subd. 36. a., b., or c.  
16 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings  
17 from a trade or business that are taxable by this state.

18           **SECTION 12.** 71.05 (6) (b) 37. c. of the statutes is amended to read:

19           71.05 (6) (b) 37. c. For an individual who is a nonresident or part-year resident  
20 of this state, multiply the amount calculated under subd. 37. a. or b., by a fraction  
21 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and  
22 net earnings from a trade or business that are taxable by this state and the  
23 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,  
24 and net earnings from a trade or business. In this subd. 37. c., for married persons  
25 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a

**SENATE BILL 213****SECTION 12**

1 trade or business” means the separate wages, salary, ~~tips~~, unearned income, and net  
2 earnings from a trade or business of each spouse, and for married persons filing  
3 jointly “wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
4 business” means the total wages, salary, ~~tips~~, unearned income, and net earnings  
5 from a trade or business of both spouses.

6 **SECTION 13.** 71.05 (6) (b) 37. d. of the statutes is amended to read:

7 71.05 (6) (b) 37. d. Reduce the amount calculated under subd. 37. a., b., or c.  
8 to the individual’s aggregate wages, salary, ~~tips~~, unearned income, and net earnings  
9 from a trade or business that are taxable by this state.

10 **SECTION 14.** 71.05 (6) (b) 38. c. of the statutes is amended to read:

11 71.05 (6) (b) 38. c. For an individual who is a nonresident or part-year resident  
12 of this state, multiply the amount calculated under subd. 38. a. or b., by a fraction  
13 the numerator of which is the individual’s wages, salary, ~~tips~~, unearned income, and  
14 net earnings from a trade or business that are taxable by this state and the  
15 denominator of which is the individual’s total wages, salary, ~~tips~~, unearned income,  
16 and net earnings from a trade or business. In this subd. 38. c., for married persons  
17 filing separately “wages, salary, ~~tips~~, unearned income, and net earnings from a  
18 trade or business” means the separate wages, salary, ~~tips~~, unearned income, and net  
19 earnings from a trade or business of each spouse, and for married persons filing  
20 jointly “wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
21 business” means the total wages, salary, ~~tips~~, unearned income, and net earnings  
22 from a trade or business of both spouses.

23 **SECTION 15.** 71.05 (6) (b) 38. d. of the statutes is amended to read:

**SENATE BILL 213**

1           71.05 (6) (b) 38. d. Reduce the amount calculated under subd. 38. a., b., or c.  
2           to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings  
3           from a trade or business that are taxable by this state.

4           **SECTION 16.** 71.05 (6) (b) 39. c. of the statutes is amended to read:

5           71.05 (6) (b) 39. c. For an individual who is a nonresident or part-year resident  
6           of this state, multiply the amount calculated under subd. 39. a. or b., by a fraction  
7           the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and  
8           net earnings from a trade or business that are taxable by this state and the  
9           denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,  
10          and net earnings from a trade or business. In this subd. 39. c., for married persons  
11          filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a  
12          trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net  
13          earnings from a trade or business of each spouse, and for married persons filing  
14          jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
15          business" means the total wages, salary, ~~tips~~, unearned income, and net earnings  
16          from a trade or business of both spouses.

17          **SECTION 17.** 71.05 (6) (b) 39. d. of the statutes is amended to read:

18          71.05 (6) (b) 39. d. Reduce the amount calculated under subd. 39. a., b., or c.  
19          to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings  
20          from a trade or business that are taxable by this state.

21          **SECTION 18.** 71.05 (6) (b) 40. c. of the statutes is amended to read:

22          71.05 (6) (b) 40. c. For an individual who is a nonresident or part-year resident  
23          of this state, multiply the amount calculated under subd. 40. a. or b., by a fraction  
24          the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and  
25          net earnings from a trade or business that are taxable by this state and the

**SENATE BILL 213****SECTION 18**

1 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,  
2 and net earnings from a trade or business. In this subd. 40. c., for married persons  
3 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a  
4 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net  
5 earnings from a trade or business of each spouse, and for married persons filing  
6 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
7 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings  
8 from a trade or business of both spouses.

9 **SECTION 19.** 71.05 (6) (b) 40. d. of the statutes is amended to read:

10 71.05 (6) (b) 40. d. Reduce the amount calculated under subd. 40. a., b., or c.  
11 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings  
12 from a trade or business that are taxable by this state.

13 **SECTION 20.** 71.05 (6) (b) 41. c. of the statutes is amended to read:

14 71.05 (6) (b) 41. c. For an individual who is a nonresident or part-year resident  
15 of this state, multiply the amount calculated under subd. 41. a. or b., by a fraction  
16 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and  
17 net earnings from a trade or business that are taxable by this state and the  
18 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,  
19 and net earnings from a trade or business. In this subd. 41. c., for married persons  
20 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a  
21 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net  
22 earnings from a trade or business of each spouse, and for married persons filing  
23 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
24 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings  
25 from a trade or business of both spouses.



**SENATE BILL 213**

1           **SECTION 21.** 71.05 (6) (b) 41. d. of the statutes is amended to read:

2           71.05 (6) (b) 41. d. Reduce the amount calculated under subd. 41. a., b., or c.  
3 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings  
4 from a trade or business that are taxable by this state.

5           **SECTION 22.** 71.05 (6) (b) 42. c. of the statutes is amended to read:

6           71.05 (6) (b) 42. c. For an individual who is a nonresident or part-year resident  
7 of this state, multiply the amount calculated under subd. 42. a. or b., by a fraction  
8 the numerator of which is the individual's wages, salary, ~~tips~~, unearned income, and  
9 net earnings from a trade or business that are taxable by this state and the  
10 denominator of which is the individual's total wages, salary, ~~tips~~, unearned income,  
11 and net earnings from a trade or business. In this subd. 42. c., for married persons  
12 filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a  
13 trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net  
14 earnings from a trade or business of each spouse, and for married persons filing  
15 jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
16 business" means the total wages, salary, ~~tips~~, unearned income, and net earnings  
17 from a trade or business of both spouses.

18           **SECTION 23.** 71.05 (6) (b) 42. d. of the statutes is amended to read:

19           71.05 (6) (b) 42. d. Reduce the amount calculated under subd. 42. a., b., or c.  
20 to the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings  
21 from a trade or business that are taxable by this state.

22           **SECTION 24.** 71.05 (6) (b) 43. f. of the statutes is amended to read:

23           71.05 (6) (b) 43. f. An individual who is a nonresident or part-year resident of  
24 this state and who claims the subtraction under this subdivision shall multiply the  
25 amount calculated under subd. 43. a., b., c., or d. by a fraction the numerator of which

**SENATE BILL 213****SECTION 24**

1 is the individual's wages, salary, ~~tips~~, unearned income, and net earnings from a  
2 trade or business that are taxable by this state and the denominator of which is the  
3 individual's total wages, salary, ~~tips~~, unearned income, and net earnings from a trade  
4 or business. In this subd. 43. f., for married persons filing separately "wages, salary,  
5 ~~tips~~, unearned income, and net earnings from a trade or business" means the  
6 separate wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
7 business of each spouse, and for married persons filing jointly "wages, salary, ~~tips~~,  
8 unearned income, and net earnings from a trade or business" means the total wages,  
9 salary, ~~tips~~, unearned income, and net earnings from a trade or business of both  
10 spouses.

11 **SECTION 25.** 71.63 (6) (n) (intro.) of the statutes is renumbered 71.63 (6) (n) and  
12 amended to read:

13 71.63 (6) (n) In the form of cash tips paid to employees ~~if:~~

14 **SECTION 26.** 71.63 (6) (n) 1. and 2. of the statutes are repealed.

15 **SECTION 27. Initial applicability.**

16 (1) This act first applies to taxable years beginning after December 31, 2018.

17 (END)