



State of Wisconsin  
2025 - 2026 LEGISLATURE

LRB-0181/1

KP:amn

## 2025 SENATE BILL 36

February 12, 2025 - Introduced by Senators JACQUE, BRADLEY, HUTTON, CABRAL-GUEVARA, FEYEN, NASS, QUINN and TOMCZYK, cosponsored by Representatives TUSLER, BEHNKE, GREEN, GUNDRUM, KREIBICH, MAXEY, MURSAU, PENTERMAN, PIWOWARCZYK, TITTL, TRANEL and WICHGERS. Referred to Committee on Agriculture and Revenue.

1     **AN ACT** *to repeal* 71.63 (6) (n) 1. and 71.63 (6) (n) 2.; *to renumber and amend*  
2             71.63 (6) (n) (intro.); *to amend* 71.05 (6) (b) 19. cm., 71.05 (6) (b) 19. dm., 71.05  
3             (6) (b) 28. e., 71.05 (6) (b) 28. f., 71.05 (6) (b) 32. b., 71.05 (6) (b) 32. c., 71.05 (6)  
4             (b) 33. b., 71.05 (6) (b) 33. c., 71.05 (6) (b) 35. c., 71.05 (6) (b) 35. d., 71.05 (6) (b)  
5             38. c., 71.05 (6) (b) 38. d., 71.05 (6) (b) 42. c., 71.05 (6) (b) 42. d. and 71.05 (6) (b)  
6             43. f.; *to create* 71.05 (1) (j) of the statutes; **relating to:** an income tax  
7             exemption for cash tips paid 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.

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

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**SENATE BILL 36**

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

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

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

**SECTION 2.** 71.05 (6) (b) 19. cm. of the statutes is amended to read:

71.05 (6) (b) 19. cm. For taxable years beginning after December 31, 2020, for a person who is a nonresident or a part-year resident of this state, modify the amount calculated under subd. 19. b. by multiplying the amount by a fraction the numerator of which is the person's wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business that are taxable by this state and the denominator of which is the person's total wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business. In this subd. 19. cm., for married persons filing separately "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business" means the separate wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business of each spouse, and for married persons filing jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business" means the total wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business of both spouses.

**SECTION 3.** 71.05 (6) (b) 19. dm. of the statutes is amended to read:

71.05 (6) (b) 19. dm. For taxable years beginning after December 31, 2020, reduce the amount calculated under subd. 19. b. or cm. to the person's aggregate wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business that are taxable by this state.

**SENATE BILL 36****SECTION 4**

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

2           71.05 **(6)** (b) 28. e. For an individual who is a nonresident or part-year  
3       resident of this state, multiply the amount calculated under subd. 28. a., am., b., c.  
4       or d. by a fraction the numerator of which is the individual's wages, salary, ~~tips~~,  
5       unearned income and net earnings from a trade or business that are taxable by this  
6       state and the denominator of which is the individual's total wages, salary, ~~tips~~,  
7       unearned income and net earnings from a trade or business. In this subd. 28. e., for  
8       married persons filing separately "wages, salary, ~~tips~~, unearned income and net  
9       earnings from a trade or business" means the separate wages, salary, ~~tips~~,  
10      unearned income and net earnings from a trade or business of each spouse, and for  
11      married persons filing jointly "wages, salary, ~~tips~~, unearned income and net  
12      earnings from a trade or business" means the total wages, salary, ~~tips~~, unearned  
13      income and net earnings from a trade or business of both spouses.

14          **SECTION 5.** 71.05 (6) (b) 28. f. of the statutes is amended to read:

15          71.05 **(6)** (b) 28. f. Reduce the amount calculated under subd. 28. a., am., b., c.,  
16      d. or e. to the individual's aggregate wages, salary, ~~tips~~, unearned income and net  
17      earnings from a trade or business that are taxable by this state.

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

19          71.05 **(6)** (b) 32. b. For an individual who is a nonresident or part-year  
20      resident of this state, multiply the amount calculated under subd. 32. a. by a  
21      fraction the numerator of which is the individual's wages, salary, ~~tips~~, unearned  
22      income and net earnings from a trade or business that are taxable by this state and  
23      the denominator of which is the individual's total wages, salary, ~~tips~~, unearned  
24      income and net earnings from a trade or business. In this subd. 32. b., for married

**SENATE BILL 36****SECTION 6**

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

7 **SECTION 7.** 71.05 (6) (b) 32. c. of the statutes is amended to read:

8 71.05 **(6)** (b) 32. c. Reduce the amount calculated under subd. 32. a. or b. to the  
9 individual’s aggregate wages, salary, ~~tips~~, unearned income and net earnings from  
10 a trade or business that are taxable by this state.

11 **SECTION 8.** 71.05 (6) (b) 33. b. of the statutes is amended to read:

12 71.05 **(6)** (b) 33. b. For an individual who is a nonresident or part-year  
13 resident of this state, multiply the amount calculated under subd. 33. a. by a  
14 fraction the numerator of which is the individual’s wages, salary, ~~tips~~, unearned  
15 income and net earnings from a trade or business that are taxable by this state and  
16 the denominator of which is the individual’s total wages, salary, ~~tips~~, unearned  
17 income and net earnings from a trade or business. In this subd. 33. b., for married  
18 persons filing separately “wages, salary, ~~tips~~, unearned income and net earnings  
19 from a trade or business” means the separate wages, salary, ~~tips~~, unearned income  
20 and net earnings from a trade or business of each spouse, and for married persons  
21 filing jointly “wages, salary, ~~tips~~, unearned income and net earnings from a trade or  
22 business” means the total wages, salary, ~~tips~~, unearned income and net earnings  
23 from a trade or business of both spouses.

24 **SECTION 9.** 71.05 (6) (b) 33. c. of the statutes is amended to read:

**SENATE BILL 36****SECTION 9**

1           71.05 (6) (b) 33. c. Reduce the amount calculated under subd. 33. a. or b. to the  
2 individual's aggregate wages, salary, ~~tips~~, unearned income and net earnings from  
3 a trade or business that are taxable by this state.

4           **SECTION 10.** 71.05 (6) (b) 35. c. of the statutes is amended to read:

5           71.05 (6) (b) 35. c. For an individual who is a nonresident or part-year  
6 resident of this state, multiply the amount calculated under subd. 35. a. or b., by a  
7 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. 35. c., 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  
15 or business" means the total wages, salary, ~~tips~~, unearned income, and net earnings  
16 from a trade or business of both spouses.

17           **SECTION 11.** 71.05 (6) (b) 35. d. of the statutes is amended to read:

18           71.05 (6) (b) 35. d. Reduce the amount calculated under subd. 35. a., b., or c. to  
19 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 12.** 71.05 (6) (b) 38. c. of the statutes is amended to read:

22           71.05 (6) (b) 38. c. For an individual who is a nonresident or part-year  
23 resident of this state, multiply the amount calculated under subd. 38. a. or b., by a  
24 fraction the numerator of which is the individual's wages, salary, ~~tips~~, unearned

**SENATE BILL 36****SECTION 12**

1 income, and net earnings from a trade or business that are taxable by this state and  
2 the denominator of which is the individual's total wages, salary, ~~tips~~, unearned  
3 income, and net earnings from a trade or business. In this subd. 38. c., for married  
4 persons filing separately "wages, salary, ~~tips~~, unearned income, and net earnings  
5 from a trade or business" means the separate wages, salary, ~~tips~~, unearned income,  
6 and net earnings from a trade or business of each spouse, and for married persons  
7 filing jointly "wages, salary, ~~tips~~, unearned income, and net earnings from a trade  
8 or business" means the total wages, salary, ~~tips~~, unearned income, and net earnings  
9 from a trade or business of both spouses.

10 **SECTION 13.** 71.05 (6) (b) 38. d. of the statutes is amended to read:

11 71.05 (6) (b) 38. d. Reduce the amount calculated under subd. 38. a., b., or c. to  
12 the individual's aggregate wages, salary, ~~tips~~, unearned income, and net earnings  
13 from a trade or business that are taxable by this state.

14 **SECTION 14.** 71.05 (6) (b) 42. c. of the statutes is amended to read:

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

**SENATE BILL 36****SECTION 14**

1 or business” means the total wages, salary, ~~tips~~, unearned income, and net earnings  
2 from a trade or business of both spouses.

3 **SECTION 15.** 71.05 (6) (b) 42. d. of the statutes is amended to read:

4 71.05 (6) (b) 42. d. Reduce the amount calculated under subd. 42. a., b., or c. to  
5 the individual’s aggregate wages, salary, ~~tips~~, unearned income, and net earnings  
6 from a trade or business that are taxable by this state.

7 **SECTION 16.** 71.05 (6) (b) 43. f. of the statutes is amended to read:

8 71.05 (6) (b) 43. f. An individual who is a nonresident or part-year resident of  
9 this state and who claims the subtraction under this subdivision shall multiply the  
10 amount calculated under subd. 43. a., b., c., or d. by a fraction the numerator of  
11 which is the individual’s wages, salary, ~~tips~~, unearned income, and net earnings  
12 from a trade or business that are taxable by this state and the denominator of which  
13 is the individual’s total wages, salary, ~~tips~~, unearned income, and net earnings from  
14 a trade or business. In this subd. 43. f., for married persons filing separately  
15 “wages, salary, ~~tips~~, unearned income, and net earnings from a trade or business”  
16 means the separate wages, salary, ~~tips~~, unearned income, and net earnings from a  
17 trade or business of each spouse, and for married persons filing jointly “wages,  
18 salary, ~~tips~~, unearned income, and net earnings from a trade or business” means  
19 the total wages, salary, ~~tips~~, unearned income, and net earnings from a trade or  
20 business of both spouses.

21 **SECTION 17.** 71.63 (6) (n) (intro.) of the statutes is renumbered 71.63 (6) (n)  
22 and amended to read:

23 71.63 (6) (n) In the form of tips paid to employees ~~if:~~

24 **SECTION 18.** 71.63 (6) (n) 1. of the statutes is repealed.

# SENATE BILL 36

## SECTION 19

1        **SECTION 19.** 71.63 (6) (n) 2. of the statutes is repealed.

2            **SECTION 20. Initial applicability.**

3 (1) This act first applies to taxable years beginning after December 31, 2024.

4 (END)