



State of Wisconsin  
2021 - 2022 LEGISLATURE

LRB-2550/2  
JK&EHS:klm

## 2021 SENATE BILL 258

March 31, 2021 - Introduced by Senators FEYEN and L. TAYLOR, cosponsored by Representatives SORTWELL, ARMSTRONG, BROOKS, EDMING, KUGLITSCH, MURPHY, ROZAR, SKOWRONSKI, TITTL, TUSLER and THIESFELDT. Referred to Committee on Financial Institutions and Revenue.

\*\*\*AUTHORS SUBJECT TO CHANGE\*\*\*

1     **AN ACT to create** 71.05 (6) (a) 30., 71.05 (6) (b) 55., 71.26 (2) (a) 13., 71.26 (2) (a)  
2           14., 71.34 (1k) (q), 71.34 (1k) (r), 71.45 (2) (a) 24. and 71.45 (2) (a) 25. of the  
3           statutes; **relating to:** an income tax deduction for an arrearage paid on behalf  
4           of a tenant for municipal utility service.

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### *Analysis by the Legislative Reference Bureau*

Under current law, a municipal utility may collect arrearages for utility service provided to lots or parcels of real estate by providing, on October 15, a written notice to the owner or occupant of the amount owing and in arrears. If payment is not received by November 15, the arrearage amount and late penalties become a lien on the property that is collected as a tax on the property. Additional requirements apply to a municipal utility that provides water or electric service to a tenant in a rental dwelling unit. If the owner of the unit notifies the municipal utility that the tenant has assumed responsibility for payment for the service, the municipal utility must provide additional notices regarding past due amounts to both the tenant and the owner in order to collect the arrearages through a lien. Also, current law gives the municipality a lien on the assets of each tenant who is responsible for arrears in payments for the water or electric service. If the owner pays off the arrearage, the municipality's lien on the assets transfers to the owner. Under the bill, an owner who pays off an arrearage on behalf of a tenant may deduct that amount when calculating income for state tax purposes. However, if the tenant pays the owner for all or part of the arrearage in a subsequent taxable year, the owner must add that amount to the owner's taxable income for that year.

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For further information see the *local* 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 (6) (a) 30. of the statutes is created to read:

2           71.05 **(6)** (a) 30. For taxable years beginning after December 31, 2020, the  
3 amount taken as a subtraction under par. (b) 55. by the owner of a rental dwelling  
4 that the owner receives from the tenant in a succeeding taxable year.

5           **SECTION 2.** 71.05 (6) (b) 55. of the statutes is created to read:

6           71.05 **(6)** (b) 55. For taxable years beginning after December 31, 2020, the  
7 amount of arrearage that the owner of a rental dwelling unit pays under s. 66.0809  
8 (3m) (d) to a municipal utility for service provided to a tenant of the rental dwelling  
9 unit who is responsible for the payment of utility charges.

10          **SECTION 3.** 71.26 (2) (a) 13. of the statutes is created to read:

11          71.26 **(2)** (a) 13. For taxable years beginning after December 31, 2020, minus  
12 the amount of arrearage that the owner of a rental dwelling unit pays under s.  
13 66.0809 (3m) (d) to a municipal utility for service provided to a tenant of the rental  
14 dwelling unit who is responsible for the payment of utility charges.

15          **SECTION 4.** 71.26 (2) (a) 14. of the statutes is created to read:

16          71.26 **(2)** (a) 14. For taxable years beginning after December 31, 2020, plus the  
17 amount taken as a subtraction under subd. 13. by the owner of a rental dwelling that  
18 the owner receives from the tenant in a succeeding taxable year.

19          **SECTION 5.** 71.34 (1k) (q) of the statutes is created to read:

20          71.34 **(1k)** (q) For taxable years beginning after December 31, 2020, a  
21 subtraction shall be made for the amount of arrearage that the owner of a rental

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1 dwelling unit pays under s. 66.0809 (3m) (d) to a municipal utility for service  
2 provided to a tenant of the rental dwelling unit who is responsible for the payment  
3 of utility charges.

4 **SECTION 6.** 71.34 (1k) (r) of the statutes is created to read:

5 71.34 (1k) (r) For taxable years beginning after December 31, 2020, an addition  
6 shall be made for the amount taken as a subtraction under par. (q) by the owner of  
7 a rental dwelling that the owner receives from the tenant in a succeeding taxable  
8 year.

9 **SECTION 7.** 71.45 (2) (a) 24. of the statutes is created to read:

10 71.45 (2) (a) 24. For taxable years beginning after December 31, 2020, by  
11 subtracting from federal taxable income the amount of arrearage that the owner of  
12 a rental dwelling unit pays under s. 66.0809 (3m) (d) to a municipal utility for service  
13 provided to a tenant of the rental dwelling unit who is responsible for the payment  
14 of utility charges.

15 **SECTION 8.** 71.45 (2) (a) 25. of the statutes is created to read:

16 71.45 (2) (a) 25. For taxable years beginning after December 31, 2020, by  
17 adding to federal taxable income the amount taken as a subtraction under subd. 24.  
18 by the owner of a rental dwelling that the owner receives from the tenant in a  
19 succeeding taxable year.

20 **SECTION 9. Initial applicability.**

21 (1) This act first applies to an arrearage paid by an owner of a rental dwelling  
22 unit under 66.0809 (3m) (d) on October 1, 2021.

23 (END)