



**WISCONSIN
RESTAURANT
ASSOCIATION**



Menu of Policy Priorities January 21, 2026

Food Product Licensing Exemption

- No Tax on Tips
- No Tax on Overtime
- Alcohol Delivery

Regulation of Hemp-derived THC Products

- Tax Credit for Small Businesses
- Unemployment Insurance
- And More...

AB 748/SB 739 Food Product Licensing Exemption (regulation of cottage food industry)

- **Advocating for food safety laws is a founding principle for the WRA. The Association was founded in 1933 to lobby for a statewide food sanitation code – now the Wisconsin Food Code**
- The cottage food industry—food prepared in unlicensed kitchens and sold to the public—has exploded since 2017
 - Up until a court decision in 2017, no foods were allowed to be prepared in unlicensed kitchens and sold to the public, except for fundraisers such as bake sales by non-profit organizations
 - Two lawsuits against DATCP, led by a Washington DC law firm and home bakers, allowed some food products to be produced
 - DATCP and the DOJ appealed the second decision allowing food to be produced and sold from unlicensed kitchens. The appeals courts sided with DATCP and appeals by home bakers to the Wisconsin and US Supreme Courts failed
 - While the first lawsuit is still current case law, many people believe that if a lawsuit challenging it was implemented, the ruling would also be overturned
- Instead of going through the courts to determine if there can be a cottage food industry in Wisconsin, the WRA, Wisconsin Bakers Association and the Wisconsin Grocers Association worked to get a bill introduced that would allow the cottage industry to exist, but put in place some rules based on gross sales revenue on when a licensed kitchen would be needed
- This bill clears up the confusion and sets clear, fair standards for small food producers who prepare safe, shelf-stable foods at home. It keeps consumers safe while helping local entrepreneurs grow their businesses. Here's what the bill does:
 - Creates clear rules for home-based sellers of pickled fruits, vegetables, and other non-hazardous foods that don't need refrigeration
 - Allows small producers to sell directly to consumers—at home, by delivery, or at farmers markets—without a full DATCP license
 - Requires simple registration with DATCP, including basic information about what's being sold and where it's made

- Sets two levels of producers:
 - Small producers (under \$10,000 in annual sales) must display a sign stating their products are homemade and not inspected
 - Cottage food producers (\$10,000–\$40,000 in annual sales) must carry liability insurance and have at least one person trained in safe food practices
- Authorizes DATCP to create a reasonable inspection process for cottage food producers and issue certificates showing that a home producer meets safety standards
- This legislation brings fairness, transparency, and consistency to Wisconsin's food laws. It protects consumers, supports local economies, and helps small businesses thrive—without unnecessary red tape
- **Our Ask: Support AB 748/SB 739**

AB 38/SB 36 No Tax on Tips (Tips Tax Exemption, as Amended)

- As amended, this bill applies the federal No Tax on Tips (NTOT) income deduction to state income tax law. The amended bill directly mirrors the federal provisions
 - First \$25,000 in qualified tips can be deducted when taxes are filed
 - Qualified tips must be voluntary in nature. Service charges and any other non-voluntary or “auto gratuity” payments is not a qualified tip
 - Includes all qualified tips regardless of how paid. Sometimes the term “cash tips” is used, which is misleading people to believe it does not include credit card tips
 - Begins with 2025 tax year and sunsets in 2028
- This bill provides the same income tax exemption passed in 2025 for 90,000 restaurant employees. Over 20 other states have extended the same tax treatment for their states tipped employees – Wisconsin should as well
- **Our Ask: Support AB 38/SB 36, as amended**





AB 461/SB 454 An income tax subtraction for certain overtime compensation (No Tax on Overtime, as amended)

- Similar to the No Tax on Tips bills, these bills apply the No Tax on Overtime (NTOOT) federal tax income deductions to Wisconsin tax law
 - The amended bill mirrors federal provisions, except there is no sunset date. Federal law sunsets in tax year 2028
 - Employees can deduct up to \$12,500 in qualified overtime, which is the “half” portion of the “time and a half” wages
 - Married couples filing jointly can deduct up to \$12,500 each (unlike NTOT)
- This is important legislation that impacts hard working back of the house restaurant employees who work overtime
- This bill provides the same income tax exemption passed in 2025 for back of the house restaurant employees. Over 20 other states have extended the same tax treatment for their states workers—Wisconsin should as well
- **Our Ask: Support AB 461/SB 454, as amended**

Alcohol Delivery

- WRA has advocated for Alcohol Delivery since 2016, when the rise of restaurant delivery was taking hold and consumers began drinking less alcohol while dining out
- Forty-two other states allow for alcohol delivery from retailers to consumers homes. Thirty-five states allow third party delivery company drivers (e.g. DoorDash, Instacart) to deliver alcohol
- Consumer preferences are changing – they want restaurant quality food delivered to enjoy at home, and they want to be able to order alcohol with their meals
- For many reasons, when consumers dine out they are drinking less alcohol. Profit margins in restaurants that serve alcohol have shrunk since the pandemic, with many restaurants hovering at 0-1 percent. The ability to sell alcohol with food delivery orders will help those restaurants stay open
- Many industry stakeholders have been working on a compromise bill that meets the needs of retailers, alcohol distributors and delivery companies. We still hope to bring the bill forward this session
- **It is important for alcohol retailers to have the ability to not only deliver alcohol, but to be able to do so safely, prevent underage drinking, and set the prices necessary to maintain profitability for their businesses**

Regulation of Hemp-derived THC Products

- Many bills have been introduced this session to regulate the booming hemp-derived THC industry
- For the restaurant industry, the sale of hemp-derived THC beverages has become a popular item for customers who are not drinking alcohol
- While the US Congress has attempted to rein in the sales of hemp-derived THC products at the federal level, Wisconsin has already put provisions into state law in 2018 that many believe make the products legal within the state—like how other states have legalized other controlled products
- The restaurant industry needs a few key components in any hemp-derived THC legislation
 - Third-party civil liability protection, mirroring what is already in statute for alcohol retail sales
 - Sales are restricted to those 21 years of age and older
 - If a retailer has a license to sell beer or wine, they can sell hemp-derived THC beverages without further licensing or fees
- Many restaurants struggle to get liability insurance that covers the sale of hemp-derived THC beverages, because there is no third-party civil liability protection
- **Regardless of what bill that advances to a floor vote this session, the above components are key for the restaurant industry**

LRB 5594 Tax Credit for Small Businesses offering individual coverage health reimbursement arrangements (ICHRA)

- This bill is circulating the week of January 19
- Any opportunity to make it easier for restaurant owners to offer health care benefit to employees is important
- Individual Coverage Health Reimbursement Arrangements (IHRAs) are a relatively new and innovative way for employers to provide health insurance opportunities for employees. Rather than offering a traditional health insurance plan, or no insurance at all, ICHRA's allow an employer to provide employees with a fixed amount of money that can be used to pay for medical care expenses, such as monthly insurance premiums, on a reimbursement basis
- This bill creates an income and franchise tax credit for small businesses that provide individual coverage health reimbursement arrangements (aka ICHRA) to their employees
 - To be eligible for the credit, a small business must have fewer than 50 employees and contribute, during the taxable year, at least \$400 per employee covered by the individual coverage HRA. The credit equals \$400 per covered employee
 - Under federal law, an ICHRA is a tax advantaged, employer-provided health benefit through which the employer reimburses covered employees for insurance premiums and other medical expenses, up to the amount determined by the employer. Federal law imposes various requirements, including that covered employees, and dependents if applicable, be enrolled in individual (nongroup) health insurance coverage or Medicare and that employees be given the opportunity to opt out of the ICHRA. The ICHRA is one type of HRA recognized under federal law
- This bill mirrors legislation passed in Ohio
- **Our Ask: Sign on to and support LRB 5594**

AB 650/SB 675 Unemployment Insurance

Advisory Council Agreed upon bill—

ID Verification Funding for UI Program

- This is one of two bills submitted to the Legislature by the Unemployment Insurance Advisory Council. The UIAC is made up of five representatives of management and five representatives of labor. WRA has had a representative on the UIAC for close to 30 years, being the voice for small businesses
- This bill primarily provides language for how funding is provided for ID Verification and UI Fraud
- It is on the full Assembly's agenda for a vote on Tuesday, January 20
- **Our Ask: Vote yes on AB 650/SB 675**

AB 652/SB 677 Unemployment Insurance

Advisory Council Agreed upon bill—

Various changes to UI law, including anti-ghosting provisions, increase in benefits

- This is the second of two bills submitted to the Legislature by the Unemployment Insurance Advisory Council. The UIAC is made up of five representatives of management and five representatives of labor. WRA has had a representative on the UIAC for close to 30 years, being the voice for small businesses
- This is a more comprehensive bill that includes the following components
 - A \$25 increase in weekly unemployment benefits for claimants (\$370 to \$395/week) the first increase since 2014
 - The bill increases the number of audits of work search information to ensure claimants are meeting work search obligations under state and federal law
 - The bill also establishes a process that allows employers to report instances of “ghosting” by new hires and job applicants, which has become increasingly troublesome for employers in a tight labor market. Importantly, the “ghosting” provisions include exemptions for circumstances that constitute “good cause” for employees and job applicants
 - There is a provision that addresses a recent federal court case related to workers with Social Security Disability Income (SSDI)
 - Up until recently, Wisconsin prohibited individuals with SSDI from receiving unemployment benefits. However, a recent federal court case ruled this policy to be discriminatory to people with disabilities
 - The agreed bill addresses the court decision by treating people with disabilities and their income in the same manner that anyone else in the system is treated: with an income offset
 - The bill contains a 50-percent benefit offset for SSDI, meaning that for every dollar of SSDI income received in a given week, the claimant's unemployment benefit would be reduced by 50-cents

- The 50 percent offset in benefits also mirrors what is in Worker's Compensation law

- The ghosting provision is a main priority for the WRA, as the restaurant industry is a main victim of UI claimants using open restaurant jobs for work searches, but with no intention of interviewing or taking the positions

- **Our Ask: Vote yes on AB 652/SB 677**

AB 651/ SB 676 Worker's Compensation

Advisory Committee Agreed upon bill—

Various changes in WC law, including coverage for PTSD for first responders

- This is the agreed upon bill for the Workers Compensation Advisory Council, which is set up in the same way as the UI Advisory Council
- This is a very comprehensive bill that would modify current law worker's compensation provisions related to benefits, coverage, penalties, and other miscellaneous items
- It is on the Assembly agenda for January
- **Our Ask: Vote yes on AB 651/ SB 676**

LRB 5774 Minor's Use of Pizza

Roller Equipment

- This late breaking bill will allow 16-17 year olds to use modern dough rollers and top pizzas, mirroring federal labor law
- Because state labor administrative rules have not been updated in close to 20 years, they are woefully behind federal rules and surrounding states
- This bill will use state statutes to update administrative rule to mirror federal rules regarding operation of dough sheeters and rollers
- WRA has heard from many pizza restaurants that the rules around the use of dough sheeters are out of date, since current equipment has many safe guards to prevent injury
 - Federal rules allow for 16-17 year olds to use these machines if safety mechanisms are in place
 - All states surrounding Wisconsin have adopted the federal rules, which makes Wisconsin the outlier comparatively
 - Wisconsin DWD also interprets its current rule of prohibiting the use of machinery for pizza making to also mean that 16-17 year olds cannot put toppings on pizza, since it is part of the pizza manufacturing process
- This bill would expand employment opportunities for 16- and 17-year-olds in retail food establishments
- It would also support local businesses by reducing hiring restrictions without compromising safety
- **Our Ask: Support LRB 5774**



LRB-5798 (soon to circulate) Promotion of Restaurants Engaged in Allergy-Safe Dining Practices

- Rep. Callahan is working with the WRA to develop a voluntary allergen dining program
- The bill will establish a voluntary statewide certification program that promotes allergy-safe dining practices in Wisconsin restaurants. The program would help families with food allergies identify safer dining options, while giving participating restaurants a marketing advantage through state-backed recognition
- The program creates two tiers of recognition under the Department of Tourism

1. Allergy-Friendly Wisconsin (Basic Level)

A restaurant qualifies by meeting core allergen-safety practices modeled on Rhode Island's §23-20.12-2:

- Display a food-allergy awareness poster in staff areas
- Include a menu advisory encouraging customers to disclose allergies
- Ensure at least one manager completes state-approved allergen-awareness training (DHS or DATCP)
- Maintain a basic allergy-communication protocol for staff

2. Allergy-Friendly Wisconsin (Gold Level)

Consists of two components:

A. Mandatory Requirement

- a. For a restaurant that serves finned-fish, they must maintain a dedicated fryer used exclusively for finned-fish
- b. For a restaurant that does not serve finned-fish, this requirement is marked "Not Applicable" and does not affect eligibility

B. Points-Based Practices—a restaurant must also earn a minimum number of points (e.g. 10) by adopting advanced allergen-safety measures (example below):

- a. Maintain a dedicated allergen-prep area (3 points)
- b. Have a written cross-contact prevention plan (3 points)
- c. Designated (perhaps by color coded or some other method) allergen-prep tools (2 points)
- d. All staff trained in allergen awareness (2 points)
- e. Ingredient/Allergen reference book available to customers (2 points)
- f. Sanitation procedures for allergen-prep tools (1 point)
- g. Documented FOH-BOH allergy communication protocol (1 point)
- h. Ability to prepare certain top allergen-free meals safely on request (1 point)

- **Our Ask:** Support LRB 5798



AB 172/SB 166 Data Protection

- WRA and other business groups have opposed this onerous bill for multiple sessions
- As written, it would impose regulations that would add costs for businesses of all sizes that have any type of customer outreach program, including rewards programs and email lists
 - The current bill is more strict than other states, other than California, and the WRA estimates that it would add a minimum of \$10,000 in costs to small businesses to comply
 - The current bill would allow class action lawsuits and other consumer driven legal challenges that would enrich trial lawyers and cost businesses large legal bills
- **Our Ask:** Oppose AB 172/SB 166

AB 580/SB 558 Relief Grants

AB 581/SB 557 Disaster Assistance

- These two bills are companion bills. One bill provides funding for the Wisconsin State Emergency Relief Grant Program. The other bill provides the framework to create the program
- These bills provide financial assistance to businesses and individuals when they have had a natural disaster damage their business or home, but they are not covered by FEMA and the federal government for help rebuilding
 - This recently happened in August when catastrophic flooding took place in Door County and five counties in the southern part of the state
 - Door, Grant and Ozaukee counties were all denied FEMA assistance, even though Governor Evers declared a state emergency
- The bill provides up to a \$50,000 grant for businesses to use for repairs, working capital and other business operating expenses relating to the natural disaster
- The bill provides up to \$25,000 for individuals for repairing their home or other personal property
- Grants are only for expenses that are not covered by other means, such as insurance or federal government assistance
- **Our Ask:** Support AB 580/SB 558 and AB 581/SB 557

AB 813/SB 809 Opportunity Attraction and Promotion

- This bill is a continuation of a funding program for attracting large events—like the NFL Draft—to Wisconsin
 - The bill provides changes and updates to a program developed in the 2023-25 session, that is housed by the Wisconsin Economic Development Corporation
 - Unfortunately, WEDC's current statutes make granting programs and very slow process, which does not work with the fast-paced system of bidding to attract major events to an area
 - This bill changes the grant program to sponsorship, which will allow WEDC to react quicker to funding requests and make Wisconsin based groups nimbler in bringing large events to the state
- It is important to continue the program so Wisconsin can compete for large events that will bring travelers to Wisconsin
- **Our Ask:** Support AB 813/SB 809

AB 419/SB 418 Sale and Use Tax Exemption for Ski Lifts

- Wisconsin ski areas are key drivers of winter tourism, particularly during months when travel is otherwise slow
- Ski visitors frequently stay overnight, directly supporting local restaurants, hotels, and resorts
- Data shows this investment yields a significant increase in lift ticket sales, boosting travel to the area after new lifts are installed
- New lifts are necessary due to:
 - Aging lift infrastructure
 - Expectations of modern ski customers
 - Increased resilience to variable weather conditions
- **Our Ask:** support AB 419/SB 418 and urge leadership that a vote is needed this session

LRB 2882 TPID Tourism Promotion Improvement Districts

- This bill is circulating the week of January 19
- A Tourism Promotion Improvement District (TPID) is a Business Improvement District-like program specifically dedicated for the lodging industry
- It is designed to increase paid overnight stays in the district, which would also drive sales in local restaurants and other tourism businesses
- This is an unique opportunity to create additional dedicated funding sources for tourism promotion throughout the state
- Currently available in 23 states and growing, with more than 200 active districts
- **Our Ask:** Support LRB 2882

AB 814/SB 812 Movie Theater Projector Sales Tax Exemption

- WRA has many members who operate movie theaters, who are important parts of every community
 - The movie theater industry has had many challenges in the past five years
 - About 15 years ago, most theaters had to follow studios' lead in the switch from film to digital projection. At the time, studios provided financial assistance to ease this transition
 - The original digital projectors are reaching the end of their useful life, but the economic landscape has changed. Due to the lingering impact of COVID, as well as competition from streaming services, movie theater attendance is down, and studios and banks are reluctant to finance the replacement projectors necessary to show the latest movies
 - New projectors cost approximately \$60,000 apiece, and high-end projectors can cost much more. According to industry estimates, Wisconsin theaters will have to spend \$40 million over the coming years to update their projection equipment
- This bill would create a sales tax exemption for new movie projectors sold to movie theaters. The exemption is not open ended. The exemption will end after two years, or three months after the Wisconsin Department of Revenue determines that the exemption has reduced state tax collections by \$2 million
- **Our Ask:** Support AB 814/SB 812 and urge its passage before the end of session



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