

2011 DRAFTING REQUEST

Bill

Received: **01/19/2011**

Received By: **mshovers**

Wanted: **As time permits**

Companion to LRB:

For: **Rich Zipperer (608) 266-9174**

By/Representing: **Shawn**

May Contact:

Drafter: **mshovers**

Subject: **Tax, Individual - income credit**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Zipperer@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Nonrefundable individual income tax credit; amounts paid for certain amino acid-based elemental formulas

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			State
/1	mshovers 01/27/2011	nnatzke 02/15/2011	jfrantze 02/15/2011	_____	cduerst 02/15/2011		State
/2	mshovers 04/26/2011	nnatzke 04/26/2011	rschluet 04/27/2011	_____	sbasford 04/27/2011	lparisi 09/29/2011	

FE Sent For: ^{1/2}**03/23/2011.**

1/2 at intro
10-4-11

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/2	mshovers 04/26/2011	nnatzke 04/26/2011	rschluet 04/27/2011	_____	sbasford 04/27/2011		

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("/1") ← old version

2011 DRAFTING REQUEST

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/?							State
/1	mshovers 01/27/2011	nmatzke 02/15/2011	jfrantze 02/15/2011		cdurst 02/15/2011		

Handwritten notes and signatures:

- Handwritten "1/26/11" and "4/26/11" with "12 num" and "4/26" next to them.
- Handwritten "FE Sent For:" circled.
- Handwritten "03-23-2011" with "1/1" below it.
- Handwritten "see attached" circled.
- Handwritten "4/26/11" next to a circled "4/26/11".
- Handwritten "<END>"

2011 DRAFTING REQUEST

Bill

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Received By: mshovers

Wanted: As time permits

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May Contact:

Drafter: mshovers

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1/?	mshovers	1 nwn 2/15	JL 2/15	R2 2/15			
1/1	MES	1/27/11					

FE Sent For:

<END>

Shovers, Marc

From: Lundie, Shawn
Sent: Wednesday, January 12, 2011 4:16 PM
To: Shovers, Marc
Subject: RE: Email from LRB Website

Marc,

Thank you for the quick response!

Please make it a non-refundable tax credit.

Item 3: Yes I was referring to insurance, but I would also like to include any sort of direct reimbursement by the product manufacturer if you think we need to go beyond the term "unreimbursed".

Item 4: Yes. The goal of the bill is to help parents pay for their child's formula without creating a statewide insurance mandate.

We are fine with allowing a double benefit.

Thank again!

-Shawn

From: Shovers, Marc
Sent: Wednesday, January 12, 2011 3:53 PM
To: Lundie, Shawn
Subject: RE: Email from LRB Website

Hi Shawn:

Do you want the credit to be refundable or nonrefundable? A nonrefundable credit may be claimed only up to the limit of the taxpayer's tax liability, so if the taxpayer is eligible for a \$4,000 credit, and his or her tax liability is \$3,000, the taxpayer owes no taxes, but does benefit from the excess amount of credit he or she is otherwise due. With a refundable credit, the excess credit amount is paid to the taxpayer so, in our example, the taxpayer would receive a check for \$1,000.

The homestead tax credit (see ss. 71.55 to 71.58, stats.), for example, is refundable, and the armed forces member tax credit (see s. 71.07 (6m), stats.), for example, is nonrefundable. Refundable credits cost the state more, but are more beneficial to the taxpayer. Which way would you like the credit to be drafted?

Just to clarify, with regard to item #3, by "unreimbursed" do you mean not paid by the taxpayer's insurance? With regard to item 4, do you mean that the credit may only be claimed for a dependent of a taxpayer, not for the taxpayer himself or herself?

Also, amounts paid for this medically necessary expense -- if not covered by insurance -- could be claimed as a deduction under section 213 of the Internal Revenue Code if the amount paid exceeds the threshold amount under the IRC, and the amount paid could also be included in the calculation of the taxpayer's itemized deductions credit under s. 71.07 (5), stats. Do you want to exclude amounts claimed as a credit under the bill from also being allowed as part of the taxpayer's calculation of the itemized deductions credit, or do you want to allow a double benefit?

Please let me know if you have any questions about my questions. Thanks, Shawn.

Marc

Marc E. Shovers

Managing Attorney
Legislative Reference Bureau
Phone: (608-266-0129)
E-Mail: marc.shovers@legis.wisconsin.gov

From: Lundie, Shawn
Sent: Wednesday, January 12, 2011 3:26 PM
To: Shovers, Marc
Subject: Email from LRB Website

Dear Mr. Shovers,

Senator Zipperer would like the following legislation drafted:

An individual income tax credit in an amount equal to 50% of a person's out-of-pocket expenditures for medically necessary "amino acid-based elemental formulas".

In order to qualify for the tax credit:

1. The "amino acid-based elemental formula" must be directed, not necessarily prescribed, by a physician
2. The formula should be covered "regardless of delivery method" to the patient
3. Qualifying expenses must be unreimbursed expenses only
4. Tax credit shall only apply to expenses for dependants 18 years of age or under
5. The value of the tax credit shall be capped at \$5000 (\$10,000 of expenditures) per dependant per year.

Please feel free to contact me if you have any questions.

Thanks!

Shawn Lundie
Office of Senator Rich Zipperer

*Shawn Lundie
Office of Senator Rich Zipperer
323 South, State Capitol
608-266-9174*

Shovers, Marc

To: Shovers, Marc

Subject: [REDACTED]

Attachments: Picture (Metafile)

<http://www.healthychildren.org/English/healthy-living/nutrition/pages/Common-Food-Allergies.aspx?nfstatus=401&nftoken=00000000-0000-0000-0000-000000000000&nfstatusdescription=ERROR%3a+No+local+token>

<http://www.aap.org>

<http://www.aap.org>

• [Healthy Children](#) > [Healthy Living](#) > [Nutrition](#) > Common Food Allergies

Healthy Living

-+

Common Food Allergies

Any food may cause an allergic reaction, but 90% of food allergies in children are caused by just 6 common foods or food groups—milk, eggs, peanuts, tree nuts, soy, and wheat. In adults, a similar percentage of serious allergies are caused by just 4 foods—peanuts, tree nuts, fish, and shellfish. Allergies to fruits and vegetables are much less common and usually less severe.

Cow's Milk

Allergy to cow's milk is among the most common hypersensitivity in young children, probably because it is the first foreign protein that many infants ingest in such a large quantity, especially if they are bottle-fed. If there is a cow's-milk allergy, occasionally even a breastfed infant may have colic or eczema until milk and dairy foods are eliminated from the mother's diet. Between 2 and 3 out of every 100 children younger than 3 years have allergy symptoms linked to cow's milk.

Vomiting after feeding is the most common way a child shows a milk allergy, but more severe reactions can occur. Colic, crying, and gassiness can sometimes be the only manifestation of cow's-milk allergy in very young infants. (It must be said, though, that in the great majority of infants, no cause for colic is ever found, and the inconsolable crying eventually stops without treatment, never to return, before the baby is 6 months old). Other early and more subtle symptoms of milk allergy often involve the itchy, dry rash of eczema (atopic dermatitis). Of course the most obvious kind of reaction to milk is when the child drinks milk or eats a milk product and immediately develops breathing problems or hives. Most children with cow's-milk allergy are also allergic to milk from goats or sheep, so these are not good substitutes.

Soy-based formula may or may not be suitable for milk-allergic infants because some who are sensitive to cow's

milk are also unable to tolerate soy protein. If your cow's-milk-allergic baby does not tolerate soy formula, your pediatrician may recommend a special formula made of extensively hydrolyzed protein or an amino acid elemental formula.

Many children outgrow milk allergy as their immune systems mature. However, your pediatrician will probably suggest that allergy tests be performed before your child tries milk again. If testing shows the allergy has gone away, milk can be cautiously given to your child in gradually increasing amounts in the doctor's office, where any reaction can be monitored and if necessary, treated. If your child simply has lactose intolerance, allergy testing is usually unnecessary, and milk and milk products can be gradually reintroduced at home while you watch for symptoms. In supermarkets, there are products with varying reduced content of the sugar lactose that help children with lactose intolerance to be able to have milk in their diet.

Milk and foods derived from milk are important sources of *calcium*, a mineral essential for strong bones and teeth, muscle and nerve function, and the health of every system in the body. Dark-green leafy vegetables, canned fish eaten with the bones (eg, sardines, salmon), calcium-fortified orange juice, dried figs and prunes, tofu, and dried beans are among the many rich nondairy sources of calcium for older children who cannot tolerate milk, cheese, and yogurt.

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Milk allergy

By Mayo Clinic staff

Original Article: <http://www.mayoclinic.com/health/milk-allergy/DS01008/DSECTION=prevention>

Definition

Milk allergy is one of the most common food allergies in children. Although cow's milk is the usual cause of milk allergy, milk from sheep, goats and buffalo also can cause a reaction. And, some children who are allergic to cow's milk are allergic to soy milk too.

A milk allergy usually occurs a few minutes to a few hours after you consume milk. Signs and symptoms of milk allergy range from mild to severe and can include wheezing, vomiting, hives and digestive problems. Rarely, milk allergy can cause anaphylaxis — a severe, life-threatening reaction.

Avoidance is the primary treatment for milk allergy. Fortunately, most children outgrow a milk allergy by age 3.

Symptoms

Milk allergy symptoms differ from person to person and occur within a few minutes to a few hours after ingesting milk.

Immediately after consuming milk, signs and symptoms of a milk allergy might include:

- Hives
- Wheezing
- Vomiting

Some research suggests that breast-feeding during the first four months of a baby's life instead of giving a standard cow's milk formula can help prevent milk allergy.

In children who are allergic to milk, breast-feeding and use of hypoallergenic formula can prevent allergic reactions.

- **Breast-feeding** is the best source of nutrition for your child. Experts recommend breast-feeding for at least the first four to six months of life if possible, especially if your infant is at high risk of developing a milk allergy. Breast-feeding may reduce your baby's chance of developing a milk allergy. Your doctor may also recommend eliminating cow's milk from your diet while nursing your baby if you have a strong family history of food allergy.
- **Hypoallergenic formulas** are produced by using enzymes to break down (hydrolyze) milk proteins, such as casein or whey. Further processing can include heat and filtering. Depending on the level of processing, products are classified as either partially or extensively hydrolyzed. Or, they may also be called **elemental formulas**. Some hypoallergenic formulas aren't milk based, but instead contain amino acids. Along with extensively hydrolyzed products, **amino-acid-based formulas are the least likely to cause an allergic reaction.**
- **Soy-based formulas** are based on soy protein instead of milk. Soy formulas are fortified to be nutritionally complete — but, unfortunately, some children with a milk allergy also develop an allergy to soy.

Milk from other animals, such as goats or sheep, isn't a good substitute for cow's milk, as these types of milk contain proteins similar to the allergy-causing proteins in cow's milk. What's more, children who are allergic to cow's milk may also be allergic to soy milk.

If you're breast-feeding and your child has a milk allergy, cow's milk proteins passed through your breast milk may cause an allergic reaction. If this is the case, you may need to exclude all products that contain milk from your diet. Talk to your doctor if you know — or suspect — your child has a milk allergy and has allergy signs and symptoms that occur after breast-feeding.

If you or your child is on a milk-free diet, your doctor or dietitian can help you plan nutritionally balanced meals. You or your child may need to take supplements to replace calcium and nutrients found in milk, such as vitamin D and riboflavin.

Hidden sources of milk products

Allergy-causing milk proteins are found in dairy products, such as yogurt, cheese, butter, half-and-half and sour cream. But milk can be harder to identify when it's used as an ingredient in processed food products ranging from sausage to breakfast cereals. Hidden sources of milk include:

- Whey
- Casein
- Ingredients that contain the prefix "lact" — such as lactose and lactate
- Candies, such as chocolate, nougat and caramel
- Fat-replacement products, such as Simplese
- Protein powders
- Artificial butter flavor

- Artificial cheese flavor
- Hydrosolate

Even if a food is labeled "milk-free" or "nondairy," it may still contain allergy-causing milk proteins — so you have to read the label carefully. When in doubt, contact the manufacturer to be sure a product doesn't contain milk ingredients.

When eating out, ask how foods have been prepared. Does your steak have melted butter on it? Was your seafood dipped in milk before being cooked?

While there's no sure way to prevent an allergic reaction to milk, reading labels, being cautious when eating out, and using hypoallergenic or milk-free products can help you or your child avoid an unpleasant or dangerous reaction.

If you're at risk of a serious allergic reaction, talk with your doctor about carrying and using emergency epinephrine (adrenaline). If you have already had a severe reaction, wear a medical alert bracelet or necklace that lets others know that you have a food allergy.

Coping and support

Having a serious allergy or being the parent of a child with a potentially life-threatening allergy can be very stressful. Talking to others that share your situation can be helpful. Along with offering support and encouragement, they may also provide useful coping tips, such as how to effectively deal with school officials so that your child's medical needs are met. Ask your doctor if there are any support groups in your area, or contact the Asthma and Allergy Foundation of America.

References

Aug. 12, 2009

DS01008

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Amino acid-based formula

From Wikipedia, the free encyclopedia

An **amino acid-based formula**, also known as an **elemental formula**, is a type of hypoallergenic infant formula made from individual amino acids. Amino acids are the building blocks of protein and together they form the protein requirements in formula needed for growth and development. The amino acids are in the simplest form, making it easy for the body to process and digest.

Because infants and children have different nutritional needs, amino acid-based formulas are typically formulated either for infants 0-1 year of age or for children 1–10 years of age.

Indications

Amino acid-based formulas are most commonly indicated for:

- Milk or soy protein allergy
- Multiple food protein intolerance
- Food protein allergy-induced: Eosinophilic esophagitis and Gastroesophageal reflux disease
- Other medical conditions requiring an amino acid-based diet, such as: Short bowel syndrome and Transition from parenteral to enteral nutrition

Reimbursement

Unlike milk-based, soy-based, and hydrolysate formulas, amino acid-based formulas fall under the FDA classification of exempt infant formulas or medical foods. Therefore, 11 states currently require that insurance companies reimburse families for amino acid-based formulas. The states are Arizona, Connecticut, Illinois, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New Jersey, New York, and Rhode Island. The details of each law are different.

Some families may also qualify for Special Supplemental Nutrition Program for Women, Infants and Children (WIC) or private assistance programs.

See also

- Milk allergy
- Food allergy

Retrieved from "http://en.wikipedia.org/wiki/Amino_acid-based_formula"

Categories: [Infant feeding](#) | [Amino acid derivatives](#)

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State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-11127

MES...

FMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-NOTE

SAV
x-ref v

gen

1 AN ACT ...; relating to: creating a nonrefundable individual income tax credit for
2 certain amounts paid for amino acid-based elemental formula.

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual income tax credit for 50 percent of the amount spent by a claimant for amino acid-based elemental formula. The formula is a type of hypoallergenic formula that may be recommended by a physician for use by a child who has a milk allergy and is unable to tolerate soy protein.

The credit may be claimed only for amounts spent to purchase formula, in the year to which the claim relates, for use by an individual who is claimed as a dependent on the claimant's federal income tax return, is under 19 years old, and has been directed by a physician to use such formula.

The maximum credit amount that a claimant may claim each year for each dependent is \$5,000. The credit may not be claimed for any amount paid by the claimant that is reimbursable by any person.

Because the credit is nonrefundable, it may be claimed only up to the amount of a claimant's income tax liability. For claimants who are nonresidents or part-year residents of Wisconsin, the credit that may be claimed is prorated based on the ratio of the claimant's Wisconsin adjusted gross income to federal adjusted gross income.

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

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

1 ^{✓^}
SECTION 1. 71.07 (8m) of the statutes is created to read:

2 71.07 (8m) AMINO ACID-BASED ELEMENTAL FORMULA TAX CREDIT. (a) *Definitions.*

3 In this subsection:

4 1. "Claimant" means an individual who files a claim under this subsection.

5 2. "Elemental formula" means an amino acid-based elemental formula.

6 3. "Physician" means a person licensed to practice medicine and surgery under
7 ch. 448.

8 4. "Treated individual" means an individual who is a dependent, under section
9 151 (c) of the Internal Revenue Code, of a claimant and is under 19 years of age at
10 the close of the taxable year to which the claim relates.

11 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
12 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
13 amount of those taxes, an amount equal to 50 percent of any amount paid for
14 elemental formula in the year to which the claim relates if the elemental formula is
15 for the use of a treated individual.

16 (c) *Limitations.* 1. The maximum credit that may be claimed each year under
17 this subsection by a claimant is \$5,000 for each treated individual.

18 2. No credit may be allowed under this subsection unless it is claimed within
19 the time period under s. 71.75 (2).

20 3. No credit may be allowed under this subsection for an amount paid by a
21 claimant if that amount is reimbursable by any person.

22 4. A claimant may claim a credit under this subsection only if a physician has
23 directed the treated individual to use an elemental formula.

24 5. If a part-year resident or a nonresident of this state files a claim under this
25 subsection, the maximum credit amount in subd. 1. shall be multiplied by a fraction,

1 the numerator of which is the individual's and his or her spouse's Wisconsin adjusted
2 gross income and the denominator of which is the individual's and his or her spouse's
3 federal adjusted gross income. In this subdivision, for married persons filing
4 separately "adjusted gross income" means the separate adjusted gross income of
5 each spouse, and for married persons filing jointly "adjusted gross income" means the
6 total adjusted gross income of both spouses.

7 (d) Administration. Subsection (9e) (d), to the extent that it applies to the credit
8 under that subsection, applies to the credit under this subsection.

9 SECTION 2. 71.10 (4) (cs) of the statutes is created to read:

10 71.10 (4) (cs) Amino acid-based elemental formula tax credit under s. 71.07
11 (8m).

12 SECTION 3. Initial applicability.

13 (1) This act first applies to taxable years beginning on January 1 of the year
14 in which this subsection takes effect, except that if this subsection takes effect on or
15 after August 1 this act first applies to taxable years beginning on January 1 of the
16 year following the year in which this subsection takes effect.

17 (END)

LRB-1112/1dn
MES:AWN:

O-NOTE
Date

Senator Zipperer:
Please let me know if you believe that
the definition of "elemental formula" is
not precise enough.

MZJ

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1112/1dn
MES:nwn:jf

February 15, 2011

Senator Zipperer:

Please let me know if you believe that the definition of "elemental formula" is not precise enough.

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

Barman, Mike

From: Shovers, Marc
Sent: Wednesday, March 23, 2011 3:23 PM
To: Barman, Mike; Basford, Sarah
Cc: Lundie, Shawn
Subject: FW:

Hello Mike and Sarah:

Please request a fiscal estimate to DOA for LRB -1112/1. Thanks.

Marc

From: Lundie, Shawn
Sent: Wednesday, March 23, 2011 3:21 PM
To: Shovers, Marc
Subject: RE:

If you could shoot him an email I would appreciate it. Thanks!

-Shawn

From: Shovers, Marc
Sent: Wednesday, March 23, 2011 3:19 PM
To: Lundie, Shawn
Subject: RE:

Hi Shawn:

I believe that if you'd like to get a fiscal estimate before the bill is introduced, you just need to formally make the request to the LRB. You can do this by calling the front desk (6-3561) or by contacting Mike Barman by email. If you'd like, I could just forward this email to Mike. Thanks.

Marc

From: Lundie, Shawn
Sent: Wednesday, March 23, 2011 3:07 PM
To: Shovers, Marc
Subject:

Marc,

Senator Zipperer is planning on drafting LRB-1112/1dn (Tax credit for elemental formula) as a budget amendment likely to be introduced by Senator Darling. Is there a way to get a fiscal estimate on the bill to learn if any changes are necessary?

Thank you for your continued assistance.

Sincerely,

Shawn Lundie
Office of Senator Rich Zipperer

Barman, Mike

From: Barman, Mike
Sent: Friday, April 22, 2011 8:06 AM
To: Lundie, Shawn
Cc: Shovers, Marc
Subject: FW: LRB 11-1112/1 (un-introduced) (Tech. Memo by DOR - attached - for your review)

Shawn,

I forwarded your request to the drafter (Atty. Marc Shovers) ... he will update your draft or call you if he has any questions ...

Thanks,

Mike Barman

From: Lundie, Shawn
Sent: Wednesday, April 20, 2011 4:32 PM
To: Barman, Mike
Subject: RE: LRB 11-1112/1 (un-introduced) (Tech. Memo by DOR - attached - for your review)

Mike,

Senator Zipperer would like to make the change to the bill draft as recommended by this technical memo. Thank you for the suggestion.

Sincerely,

Shawn Lundie
Office of Senator Rich Zipperer

From: Barman, Mike
Sent: Friday, April 15, 2011 2:39 PM
To: Sen.Zipperer
Subject: LRB 11-1112/1 (un-introduced) (Tech. Memo by DOR - attached - for your review)

<< File: TechMemo-1112_DOR.PDF >>

Mike Barman (Lead Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

Shovers, Marc

From: Barman, Mike
Sent: Friday, April 22, 2011 8:06 AM
To: Lundie, Shawn
Cc: Shovers, Marc
Subject: FW: LRB 11-1112/1 (un-introduced) (Tech. Memo by DOR - attached - for your review)

Shawn,

I forwarded your request to the drafter (Atty. Marc Shovers) ... he will update your draft or call you if he has any questions ...

Thanks,

Mike Barman

From: Lundie, Shawn
Sent: Wednesday, April 20, 2011 4:32 PM
To: Barman, Mike
Subject: RE: LRB 11-1112/1 (un-introduced) (Tech. Memo by DOR - attached - for your review)

Mike,

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Sincerely,

Shawn Lundie
Office of Senator Rich Zipperer

From: Barman, Mike
Sent: Friday, April 15, 2011 2:39 PM
To: Sen.Zipperer
Subject: LRB 11-1112/1 (un-introduced) (Tech. Memo by DOR - attached - for your review)

<< File: TechMemo-1112_DOR.PDF >>

Mike Barman (Lead Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov



State of Wisconsin

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MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

April 7, 2011

MEMORANDUM

To: Senator Zipperer

From: Marc E. Shovers, Managing Attorney, (608) 266-0129

Subject: Technical Memorandum to **2011 (un-introduced) (LRB-1112/1) by DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

M E M O R A N D U M

March 30, 2011

TO: Marc Shovers
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on LRB 1112/1: Creating a Nonrefundable Individual Income Tax Credit for Certain Amounts Paid for Amino Acid-Based Elemental Formula

The Department has the following concerns related to the bill:

The credit is available only if a physician has directed the individual to use an elemental formula. It would be better to have the physician certify that the individual is required to use an elemental formula. The person would have proof of the medical necessity if there were a written certification rather than an oral directive.

The credit is available to nonresidents and part-year residents of Wisconsin. It is unlikely that a nonresident could claim the credit as the physician must be licensed to practice medicine under Wisconsin law (ch. 448). It is unclear if the intent is to limit the credit to patients of Wisconsin doctors.

If you have any questions regarding this technical memorandum, please contact Brad Caruth at (608) 261-8984 or bradley.caruth@revenue.wi.gov.

Barman, Mike

From: Barman, Mike
Sent: Friday, April 15, 2011 2:39 PM
To: Sen.Zipperer
Subject: LRB 11-1112/1 (un-introduced) (Tech. Memo by DOR - attached - for your review)

Attachments: TechMemo-1112_DOR.PDF



TechMemo-1112_
DOR.PDF (49 KB)

Mike Barman (Lead Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

Memo

To: Senator Zipperer

(The Draft's Requester)

Per your request ... the attached fiscal estimate was prepared for your un-introduced 2011 session draft.

LRB Number: LRB-1112

Version: “/1”

Fiscal Estimate Prepared By: (agency abbr.) **DOR**

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 04 / 07 / 2011

* * * * *

To: LRB – Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

> **If redrafted** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.

> **If introduced** ... and the version of the attached fiscal estimate is for a **previous version** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Christina) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

> **If introduced** ... and the version of the attached fiscal estimate is for the **current version** ... please write the draft's introduction number below and give to Mike (or Christina) to process.

THIS DRAFT WAS INTRODUCED AS: 2011 _____

Barman, Mike

From: Barman, Mike
Sent: Thursday, April 07, 2011 8:57 AM
To: Sen.Zipperer
Cc: Lundie, Shawn
Subject: LRB 11-1112/1 (un-introduced) (FE by DOR - attached - for your review)

Attachments: FE-1112_SPD.PDF



FE-1112_SPD.PDF
(171 KB)

Mike Barman (Lead Program Assistant)
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Fiscal Estimate Narratives

DOR 4/6/2011

LRB Number	11-1112/1	Introduction Number	Estimate Type	Original
Description Creating a nonrefundable individual income tax credit for certain amounts paid for amino acid-based elemental formula				

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable individual income tax credit equal to 50% of the amount spent by a claimant for amino acid-based elemental formula. In order to be eligible for the credit a claimant must be directed by a licensed physician to use an elemental formula and the expense for the formula cannot be otherwise reimbursed. The credit is limited to \$5,000 for each treated individual. Part-year residents and nonresidents may claim a prorated credit.

Amino acid-based elemental formula is generally recommended for certain allergies and digestive issues in which the child receiving the formula is unable to tolerate both soy and milk proteins. According to the Children's Milk Allergy and Gastrointestinal Coalition, an advocacy group, approximately 0.1% of children under five receive amino acid-based elemental formula. Based on the number of dependents claimed by Wisconsin taxpayers, that translate to approximately 458 eligible children. If it is assumed that 40% of the claimants are otherwise reimbursed, there would be an estimated 275 claimants.

The coalition also estimates the average annual cost of amino acid-based elemental formula at \$5,075 per year in 2006. Adjusting for inflation, the comparable 2011 cost is \$5,606, so the 50% credit would be \$2,803 on average. In 2009 approximately 85% of total non-refundable credits were used to offset tax liability, implying an average used credit of \$2,383.

Based on the average used credit of \$2,383 and an estimated 275 claimants, the bill is expected to result in an annual revenue loss of approximately \$650,000.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-1112/1		Introduction Number	
Description Creating a nonrefundable individual income tax credit for certain amounts paid for amino acid-based elemental formula			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-650,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-650,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-650,000	\$
Agency/Prepared By		Authorized Signature	
DOR/ Bradley Caruth (608) 261-8984		Rebecca Boldt (608) 266-6785	
		Date	
		4/6/2011	



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-1112/12
MES:nwn:jf

RMR

2011 BILL

SOON

SA ✓

regen

- 1 AN ACT *to create* 71.07 (8m) and 71.10 (4) (cs) of the statutes; relating to:
- 2 creating a nonrefundable individual income tax credit for certain amounts paid
- 3 for amino acid-based elemental formula.

certifies in writing that the individual should
Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual income tax credit for 50 percent of the amount spent by a claimant for amino acid-based elemental formula. The formula is a type of hypoallergenic formula that may be recommended by a physician for use by a child who has a milk allergy and is unable to tolerate soy protein.

The credit may be claimed only for amounts spent to purchase formula, in the year to which the claim relates, for use by an individual who is claimed as a dependent on the claimant's federal income tax return, is under 19 years old, and ~~has been directed by a physician to use such formula.~~ *has*

The maximum credit amount that a claimant may claim each year for each dependent is \$5,000. The credit may not be claimed for any amount paid by the claimant that is reimbursable by any person.

Because the credit is nonrefundable, it may be claimed only up to the amount of a claimant's income tax liability. For claimants who are nonresidents or part-year residents of Wisconsin, the credit that may be claimed is prorated based on the ratio of the claimant's Wisconsin adjusted gross income to federal adjusted gross income.

whose

BILL

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

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

1 **SECTION 1.** 71.07 (8m) of the statutes is created to read:

2 71.07 (8m) AMINO ACID-BASED ELEMENTAL FORMULA TAX CREDIT. (a) *Definitions.*

3 In this subsection:

4 1. "Claimant" means an individual who files a claim under this subsection.

5 2. "Elemental formula" means an amino acid-based elemental formula.

6 3. "Physician" means a person licensed to practice medicine and surgery under
7 ch. 448.

8 4. "Treated individual" means an individual who is a dependent, under section
9 151 (c) of the Internal Revenue Code, of a claimant and is under 19 years of age at
10 the close of the taxable year to which the claim relates.

11 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
12 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
13 amount of those taxes, an amount equal to 50 percent of any amount paid for
14 elemental formula in the year to which the claim relates if the elemental formula is
15 for the use of a treated individual.

16 (c) *Limitations.* 1. The maximum credit that may be claimed each year under
17 this subsection by a claimant is \$5,000 for each treated individual.

18 2. No credit may be allowed under this subsection unless it is claimed within
19 the time period under s. 71.75 (2).

20 3. No credit may be allowed under this subsection for an amount paid by a
21 claimant if that amount is reimbursable by any person.

BILL

credit may be claimed under this subsection only to the claimant

1 4. A claimant may claim a credit under this subsection only if a physician ~~has~~
2 ~~certified~~ *certifies in writing that* the treated individual ~~to~~ *should* use an elemental formula.

3 5. If a part-year resident or a nonresident of this state files a claim under this
4 subsection, the maximum credit amount in subd. 1. shall be multiplied by a fraction,
5 the numerator of which is the individual's and his or her spouse's Wisconsin adjusted
6 gross income and the denominator of which is the individual's and his or her spouse's
7 federal adjusted gross income. In this subdivision, for married persons filing
8 separately "adjusted gross income" means the separate adjusted gross income of
9 each spouse, and for married persons filing jointly "adjusted gross income" means the
10 total adjusted gross income of both spouses.

11 (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit
12 under that subsection, applies to the credit under this subsection.

13 **SECTION 2.** 71.10 (4) (cs) of the statutes is created to read:
14 71.10 (4) (cs) Amino acid-based elemental formula tax credit under s. 71.07
15 (8m).

16 **SECTION 3. Initial applicability.**
17 (1) This act first applies to taxable years beginning on January 1 of the year
18 in which this subsection takes effect, except that if this subsection takes effect on or
19 after August 1 this act first applies to taxable years beginning on January 1 of the
20 year following the year in which this subsection takes effect.

21 (END)

Barman, Mike

From: Vebber, Lucas
Sent: Thursday, September 29, 2011 10:32 AM
To: LRB.Legal
Subject: Jacket Request - 11-1112/2

Please Jacket LRB 11-1112/2 for the SENATE.

Thanks,

Lucas Vebber
Office of Senator Rich Zipperer
33rd Senate District
(608) 266-9174