

2011 Jr1 DRAFTING REQUEST

Bill

Received: **11/25/2008**

Received By: **mshovers**

Wanted: **As time permits**

Companion to LRB:

For: **Administration**

By/Representing: **Kevin**

May Contact:

Drafter: **mshovers**

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

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **jennifer.kraus@wisconsin.gov**

Carbon copy (CC:) to: **david.schmiedicke@wisconsin.gov**
kevin.moore@wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Nonrefundable individual income tax credit; health savings account contributions

Instructions:

Redraft 2009 AB 74 (LRB -0947/1)

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>
/?	mshovers 11/08/2010	jdyer 11/09/2010		_____			State
/1	mshovers 12/03/2010	jdyer 12/03/2010	jfrantze 11/09/2010	_____	cduerst 11/09/2010 cduerst 11/09/2010		State Tax
/2			rschlue 12/03/2010	_____	mbarman 12/03/2010		State Tax

for Senate

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/3	mshovers 12/27/2010 mshovers 12/29/2010	wjackson 12/27/2010 wjackson 12/29/2010	mduchek 12/27/2010	_____	sbasford 12/27/2010		State
/4	chanaman 01/03/2011	kfollett 01/03/2011	mduchek 12/29/2010	_____	cduerst 12/29/2010	mbarman 01/03/2011	State
/5			jfrantze 01/03/2011	_____	sbasford 01/03/2011	sbasford 01/03/2011	

FE Sent For:

at
intro

<END>

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		15/5f 1/3		_____	cduerst 11/09/2010		
/2			rschluet 12/03/2010	_____	mbarman 12/03/2010		State Tax

to 1/3

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

13 mshovers wjackson mduchek _____ sbasford
 12/27/2010 12/27/2010 12/27/2010 _____ 12/27/2010

14 MES 12/29/10

FE Sent For:

14 WLj 12/29

12/29

MD

<END>

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/2		13 Wlj 12/27	rschluet 12/03/2010	_____	mbarman 12/03/2010		

12 MES 12/27/10

12/27

FE Sent For:

<END>

2011 DRAFTING REQUEST

Bill

Received: 11/25/2008

Received By: mshovers

Wanted: As time permits

Companion to LRB:

For: Governor-elect 1-9200

By/Representing: Kevin

May Contact:

Drafter: mshovers

Subject: Tax, Individual - income credit

Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email: Kevin.moore@wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Nonrefundable individual income tax credit; health savings account contributions

Instructions:

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/?	mshovers 11/08/2010	jdyer 11/09/2010		_____			State
/1		1/2 3/12 jld	jfrantze 11/09/2010	For 12/3 Ph	cduerst 11/09/2010 cduerst 11/09/2010		

(2 MES 12/3)

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FE Sent For:

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2011 DRAFTING REQUEST

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Received: 11/25/2008

Received By: mshovers

Wanted: As time permits

Companion to LRB:

For: Governor-elect 1-9200

By/Representing: Kevin

May Contact:

Drafter: mshovers

Subject: Tax, Individual - income credit

Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email: Kevin.moore@wisconsin.gov fixed

Carbon copy (CC:) to:

Pre Topic:

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For: **Governor-elect 1-9200**

By/Representing: **Kevin**

May Contact:

Drafter: **mshovers**

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

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Kevin.moore@lwisconsin.gov**

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1/? mshovers

11/19/10
11/18/10

11/9/10
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FE Sent For:

<END>

WANTED;
Tues.

2009-2010 LEGISLATURE

-0357/1
LRB-0047/L
MES/jld:rs stays

2011
2009 ASSEMBLY BILL 74

RMR

February 17, 2009 - Introduced by Representatives KAUFERT, ZIEGELBAUER, NYGREN, J. FITZGERALD, MURTHA, TAUCHEN, KERKMAN, MONTGOMERY, HUEBSCH, VAN ROY, PETERSEN, NEWCOMER, BALLWEG, MEYER, LEMAHIEU, KESTELL, ROTH, NERISON, DAVIS, RIPP, SPANBAUER, HONADEL, FIELDS, A. OTT, KNODL, PETROWSKI, LOTHIAN, STRACHOTA, GOTTLIEB, TOWNSEND, MURSAU, STONE, GUNDERSON, J. OTT, BROOKS, FRISKE, BIES, VOS and KLEEFISCH, cosponsored by Senators DARLING, OLSEN, LEIBHAM, S. FITZGERALD, LAZICH, KEDZIE, A. LASEE, GROTHMAN, HOPPER, SCHULTZ and SULLIVAN. Referred to Committee on Health and Healthcare Reform.

X

Gen

repen

1 AN ACT to create 71.07 (6f) and 71.10 (4) (ce) of the statutes; relating to:
2 a nonrefundable individual income tax credit for certain amounts relating to
3 health savings accounts that may be deducted from, or are exempt from, federal
4 income taxes.

Analysis by the Legislative Reference Bureau

Under current federal law, certain individuals may make tax-deductible contributions to health savings accounts (HSAs) and withdraw the money tax-free when needed to cover routine and preventive medical care.

Under this bill, an individual who makes contributions to such an HSA may claim a nonrefundable income tax credit for 6.5 percent of the allowable amount that the individual claims as a federal tax deduction for a contribution to an HSA or 6.5 percent of the federal tax-exempt earnings relating to an HSA, or both.

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:

5 SECTION 1. 71.07 (6f) of the statutes is created to read:

ASSEMBLY BILL 74

SECTION 1

1 71.07 (6f) HEALTH SAVINGS ACCOUNT TAX CREDIT. (a) *Definitions*. In this
2 subsection:

3 1. "Claimant" means an individual who claims a deduction for a contribution
4 to, or who claims federal tax-exempt earnings relating to, a health savings account
5 under section 223 of the Internal Revenue Code.

6 2. "Deduction amount" means the allowable amount of a deduction claimed on
7 a claimant's federal income tax return for a contribution to a health savings account
8 under section 223 of the Internal Revenue Code, or federal tax-exempt earnings
9 relating to a health savings account under section 223 of the Internal Revenue Code.

10 (b) *Filing claims*. Subject to the limitations provided in this subsection, a
11 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
12 amount of those taxes, 6.5 percent of the deduction amount claimed in the taxable
13 year to which the claim under this subsection relates.

14 (c) *Limitations*. 1. No credit may be allowed under this subsection unless it
15 is claimed within the time period under s. 71.75 (2).

16 2. For a claimant who is a nonresident or part-year resident of this state and
17 who is a single person or a married person filing a separate return, multiply the
18 credit for which the claimant is eligible under par. (b) by a fraction the numerator of
19 which is the individual's Wisconsin adjusted gross income and the denominator of
20 which is the individual's federal adjusted gross income. If a claimant is married and
21 files a joint return, and if the claimant or the claimant's spouse, or both, are
22 nonresidents or part-year residents of this state, multiply the credit for which the
23 claimant is eligible under par. (b) by a fraction the numerator of which is the couple's
24 joint Wisconsin adjusted gross income and the denominator of which is the couple's
25 joint federal adjusted gross income.

ASSEMBLY BILL 74

1 (d) *Administration*.[✓] Subsection (9e) (d),[✓] to the extent that it applies to the credit
2 under that subsection,[✓] applies to the credit under this subsection.[✓]

3 **SECTION 2.** 71.10[✓] (4) ~~(4)~~^{cf} of the statutes is created to read:

4 71.10[✓] (4) ~~(4)~~^{cf} The health savings account tax credit[✓] under s. 71.07 (6f).[✓]

5 **SECTION 3. Initial applicability.**

6 (1) This act first applies to taxable years beginning on January 1 of the year
7 in which this subsection takes effect, except that if this subsection[✓] takes effect after
8 July 31 this act first applies to taxable years beginning on January 1 of the year
9 following the year in which this subsection takes effect.[✓]

10 (END)

Shovers, Marc

From: Grinde, Kirsten - DOA [kirsten.grinde@wisconsin.gov]
Sent: Thursday, December 02, 2010 1:15 PM
To: Shovers, Marc
Cc: Hanaman, Cathlene; Kraus, Jennifer - DOA; Quinn, Brian D - DOA
Subject: Modification to LRB 11-03571

Attachments: 11-03571.pdf



11-03571.pdf (29
KB)

Marc,

Please modify LRB 11-0357/1 to remove the tax credit approach and instead create a fully federalized treatment of contributions to health savings accounts for Wisconsin tax purposes. The treatment would begin with contributions made beginning tax year 2011.

In addition, please include a "notwithstanding" clause that would allow the bill draft to proceed without requiring review by the Joint Survey Committee on Tax Exemptions.

Please let me know if you have any questions.

Thanks,

Kirsten

-----Original Message-----

From: Kraus, Jennifer - DOA
Sent: Thursday, December 02, 2010 12:59 PM
To: Grinde, Kirsten - DOA; Gauger, Michelle C - DOA
Subject: FW: Three drafts-- more coming

-----Original Message-----

From: Hanaman, Cathlene [mailto:Cathlene.Hanaman@legis.wisconsin.gov]
Sent: Thursday, December 02, 2010 9:44 AM
To: Kraus, Jennifer - DOA; Schmiedicke, David P - DOA
Subject: Three drafts-- more coming



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-03570
MES:jld:jf

today

RIMM

today

D-not

2011 BILL ✓

lx

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4

AN ACT to create 71.07 (6f) and 71.10 (4) (cf) of the statutes; **relating to:** creating a nonrefundable individual income tax credit for certain amounts relating to health savings accounts that may be deducted from, or are exempt from, federal income taxes.

Analysis by the Legislative Reference Bureau

Under current federal law, certain individuals may make tax-deductible contributions to health savings accounts (HSAs) and withdraw the money tax-free when needed to cover routine and preventive medical care.

Under this bill, an individual who makes contributions to such an HSA may claim a nonrefundable income tax credit for 6.5 percent of the allowable amount that the individual claims as a federal tax deduction for a contribution to an HSA or 6.5 percent of the federal tax-exempt earnings relating to an HSA, or both.

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:

5

SECTION 1. 71.07 (6f) of the statutes is created to read:



BILL

1 71.07 (6f) HEALTH SAVINGS ACCOUNT TAX CREDIT. (a) *Definitions.* In this
2 subsection:

3 1. "Claimant" means an individual who claims a deduction for a contribution
4 to, or who claims federal tax-exempt earnings relating to, a health savings account
5 under section 223 of the Internal Revenue Code.

6 2. "Deduction amount" means the allowable amount of a deduction claimed on
7 a claimant's federal income tax return for a contribution to a health savings account
8 under section 223 of the Internal Revenue Code, or federal tax-exempt earnings
9 relating to a health savings account under section 223 of the Internal Revenue Code.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
11 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
12 amount of those taxes, 6.5 percent of the deduction amount claimed in the taxable
13 year to which the claim under this subsection relates.

14 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
15 is claimed within the time period under s. 71.75 (2).

16 2. For a claimant who is a nonresident or part-year resident of this state and
17 who is a single person or a married person filing a separate return, multiply the
18 credit for which the claimant is eligible under par. (b) by a fraction the numerator of
19 which is the individual's Wisconsin adjusted gross income and the denominator of
20 which is the individual's federal adjusted gross income. If a claimant is married and
21 files a joint return, and if the claimant or the claimant's spouse, or both, are
22 nonresidents or part-year residents of this state, multiply the credit for which the
23 claimant is eligible under par. (b) by a fraction the numerator of which is the couple's
24 joint Wisconsin adjusted gross income and the denominator of which is the couple's
25 joint federal adjusted gross income.

BILL

1 (d) ~~Administration~~. Subsection (9e) (d), to the extent that it applies to the credit
2 under that subsection, applies to the credit under this subsection.

3 **SECTION 2.** 71.10 (4) (cf) of the statutes is created to read:

4 71.10 (4) (cf) The health savings account tax credit under s. 71.07 (6f).

5 **SECTION 3. Initial applicability.**

6 (1) This act first applies to taxable years beginning on January 1 of the year
7 in which this subsection takes effect, except that if this subsection takes effect after
8 July 31 this act first applies to taxable years beginning on January 1 of the year
9 following the year in which this subsection takes effect.

10 (END)





LPS - FROM 2009
LRB60440/1

LRB60440/1
MES:bjk/rs
[Handwritten initials]

D-NOTE

**ASSEMBLY SUBSTITUTE AMENDMENT,
TO 2009 ASSEMBLY BILL 74**

ALON BILM



Gen Rosen

1 AN ACT to create 71.83 (1) (ce) and subchapter XVI of chapter 71 [precedes 71.98]
2 of the statutes; relating to: adopting federal law as it relates to health savings
3 accounts for state income and franchise tax purposes and providing a penalty. ✓

9 **Analysis by the Legislative Reference Bureau**

This ~~substitute amendment~~ ^{bill} adopts, for state income and franchise tax purposes, section 1201 of Public Law 108-173 as it relates to claiming a deduction for an amount that a person pays into a health savings account. ✓

TAX EXM
FEES

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

4 SECTION 1. 71.83 (1) (ce) of the statutes is created to read: ✓
5 71.83 (1) (ce) *Health savings accounts*. Any person who is liable for a penalty ✓
6 for federal income tax purposes under section 223 (f) (4) of the Internal Revenue Code ✓
7 is liable for a penalty equal to 33 percent of that penalty. The department of revenue ✓



1 shall assess, levy, and collect the penalty under this paragraph as it assesses, levies,
2 and collects taxes under this chapter.

3 SECTION 2. Subchapter XVI of chapter 71 [precedes 71.98] of the statutes is
4 created to read:

5 CHAPTER 71

6 SUBCHAPTER XVI

7 INTERNAL REVENUE CODE UPDATE

8 71.98 Internal Revenue Code update. The following federal laws, to the
9 extent that they apply to the Internal Revenue Code, apply to this chapter:

10 (1) HEALTH SAVINGS ACCOUNTS. Section 223 of the Internal Revenue Code,
11 relating to health savings accounts.

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 after
15 July 31 this act first applies to taxable years beginning on January 1 of the year
16 following the year in which this subsection takes effect.

17 (END)

plain

D-NOTE

If this bill does not pass by approximately August 1, 2011, the date will have to be advanced by one year.

MZ

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

LRB-0357/2dn
MES:jld:rs

December 3, 2010

If this bill does not pass by approximately August 1, 2011, the date will have to be advanced by one year.

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

Shovers, Marc

From: Quinn, Brian D - DOA [Brian.Quinn@wisconsin.gov]
Sent: Monday, December 27, 2010 10:32 AM
To: Shovers, Marc
Subject: FW: Health Savings Account Federalization - LRB-0357
Marc,

After speaking with DOR, the second item would not be a statutory change, but rather a clarification that DOR would issue. Only the first point needs to be handled as a statutory item.

Let me know if you have questions.

-Brian

From: Quinn, Brian D - DOA
Sent: Thursday, December 23, 2010 4:51 PM
To: Shovers, Marc - LEGIS
Subject: Health Savings Account Federalization - LRB-0357

Marc,

A couple of changes to be made on this one:

1. Treatment of earnings in a HSA – Exempt all earnings on a HSA regardless of when contributions to the account were made. This is to specify that earnings based on amounts due to pre-federalization contributions would not be taxed because there is the possibility of some confusion on that.
2. On this second point, I'm going to relay it as best I can from what DOR communicated to me:
 - **Issue:** Withdrawals used for medical expenses - withdrawals associated with pre-federalization contributions can be used to claim the Itemized Deduction Credit (IDC) but contributions made after Wisconsin federalizes could not be used for the IDC.
 - **Intent of statutory change:** All withdrawals would be applied first against pre-federalization amounts. This would allow taxpayers to use distributions from their pre-federalization portion for non-medical uses and taxpayers could still claim the IDC if the distributions are used for medical purposes. Once that portion of the account is withdrawn, distributions must be used for medical purposes or the taxpayer will face a penalty and the taxpayer cannot claim the IDC for medical expenses paid from the HSA.

Let me know if you have questions.

Brian Quinn
Executive Policy & Budget Analyst
Department of Administration
Division of Executive Budget and Finance
(608)-266-1923
brian.quinn@wisconsin.gov

12/27/2010



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-0357/2

MES:jld:rs

TWJ

2011 BILL

1 AN ACT to create 71.83 (1) (ce) and subchapter XVI of chapter 71 [precedes 71.98]
2 of the statutes; relating to: adopting federal law as it relates to health savings
3 accounts for state income and franchise tax purposes and providing a penalty.

Analysis by the Legislative Reference Bureau

This bill adopts, for state income and franchise tax purposes, section 1201 of Public Law 108-173 as it relates to claiming a deduction for an amount that a person pays into a health savings account.

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.

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

SECTION 1. 71.83 (1) (ce) of the statutes is created to read:

71.83 (1) (ce) *Health savings accounts.* Any person who is liable for a penalty

for federal income tax purposes under section 223 (f) (4) of the Internal Revenue Code

BILL**SECTION 1**

1 is liable for a penalty equal to 33 percent of that penalty. The department of revenue
2 shall assess, levy, and collect the penalty under this paragraph as it assesses, levies,
3 and collects taxes under this chapter.

4 **SECTION 2.** Subchapter XVI of chapter 71 [precedes 71.98] of the statutes is
5 created to read:

CHAPTER 71**SUBCHAPTER XVI****INTERNAL REVENUE CODE UPDATE**

6
7
8
9 **71.98 Internal Revenue Code update.** The following federal laws, to the
10 extent that they apply to the Internal Revenue Code, apply to this chapter:

11 (1) **HEALTH SAVINGS ACCOUNTS.** Section 223 of the Internal Revenue Code,
12 relating to health savings accounts.

13 **SECTION 3. Initial applicability.**

14 (1) This act first applies to taxable years beginning on January 1, 2011.

15 (END)

2011-2012 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0357/3ins
MES:jld:rs

INS ANL

NoFF

The bill also specifies that any gain generated by a health savings account is exempt from taxation.

INS 1-4

SECTION ~~#~~ 71.05 (6) (b) 47. of the statutes is created to read:

71.05 (6) (b) 47. For taxable years beginning after December 31, 2010, any amount of gain generated on a health savings account created under section 223 of the Internal Revenue Code. ✓



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-03577

MES:jld:jf

stays
RMNR

2011 BILL

today

repeal

1 AN ACT *to create* 71.07 (6f) and 71.10 (4) (cf) of the statutes; **relating to:** creating
2 a nonrefundable individual income tax credit for certain amounts relating to
3 health savings accounts that may be deducted from, or are exempt from, federal
4 income taxes.

Analysis by the Legislative Reference Bureau

Under current federal law, certain individuals may make tax-deductible contributions to health savings accounts (HSAs) and withdraw the money tax-free when needed to cover routine and preventive medical care.

Under this bill, an individual who makes contributions to such an HSA may claim a nonrefundable income tax credit for 6.5 percent of the allowable amount that the individual claims as a federal tax deduction for a contribution to an HSA or 6.5 percent of the federal tax-exempt earnings relating to an HSA, or both.

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:

5 SECTION 1. 71.07 (6f) of the statutes is created to read:

BILL

1 71.07 (6f) HEALTH SAVINGS ACCOUNT TAX CREDIT. (a) *Definitions.* In this
2 subsection:

3 1. “Claimant” means an individual who claims a deduction for a contribution
4 to, or who claims federal tax–exempt earnings relating to, a health savings account
5 under section 223 of the Internal Revenue Code.

6 2. “Deduction amount” means the allowable amount of a deduction claimed on
7 a claimant’s federal income tax return for a contribution to a health savings account
8 under section 223 of the Internal Revenue Code, or federal tax–exempt earnings
9 relating to a health savings account under section 223 of the Internal Revenue Code.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
11 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
12 amount of those taxes, 6.5 percent of the deduction amount claimed in the taxable
13 year to which the claim under this subsection relates.

14 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
15 is claimed within the time period under s. 71.75 (2).

16 2. For a claimant who is a nonresident or part–year resident of this state and
17 who is a single person or a married person filing a separate return, multiply the
18 credit for which the claimant is eligible under par. (b) by a fraction the numerator of
19 which is the individual’s Wisconsin adjusted gross income and the denominator of
20 which is the individual’s federal adjusted gross income. If a claimant is married and
21 files a joint return, and if the claimant or the claimant’s spouse, or both, are
22 nonresidents or part–year residents of this state, multiply the credit for which the
23 claimant is eligible under par. (b) by a fraction the numerator of which is the couple’s
24 joint Wisconsin adjusted gross income and the denominator of which is the couple’s
25 joint federal adjusted gross income.

BILL

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

3 **SECTION 2.** 71.10 (4) (cf) of the statutes is created to read:

4 71.10 (4) (cf) The health savings account tax credit under s. 71.07 (6f).

5 **SECTION 3. Initial applicability.**

6 (1) This act first applies to taxable years beginning on January 1 of the year
7 in which this subsection takes effect, except that if this subsection takes effect after
8 July 31 this act first applies to taxable years beginning on January 1 of the year
9 following the year in which this subsection takes effect.

10 (END)

Barman, Mike

From: Hanaman, Cathlene
Sent: Monday, January 03, 2011 2:19 PM
To: Christina Duerst; Lori Northrop; Mike Barman; Sarah Basford

Please jacket as companions (when they come through):

0832	0357
0831	0388
0761	0834
0755	0833
0753	0835

→ senate

DOA will fetch.

→ Assembly



State of Wisconsin
2011 - 2012 LEGISLATURE
January 2011 Special Session



LRB-035714
MES:jld&wlj:md

stays

BILL

reynolds

1 **AN ACT to create** 71.07 (6f) and 71.10 (4) (cf) of the statutes; **relating to:** creating
2 a nonrefundable individual income tax credit for certain amounts relating to
3 health savings accounts that may be deducted from, or are exempt from, federal
4 income taxes.

Analysis by the Legislative Reference Bureau

Under current federal law, certain individuals may make tax-deductible contributions to health savings accounts (HSAs) and withdraw the money tax-free when needed to cover routine and preventive medical care.

Under this bill, an individual who makes contributions to such an HSA may claim a nonrefundable income tax credit for 6.5 percent of the allowable amount that the individual claims as a federal tax deduction for a contribution to an HSA or 6.5 percent of the federal tax-exempt earnings relating to an HSA, or both.

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:

5 **SECTION 1.** 71.07 (6f) of the statutes is created to read:

1 71.07 (6f) HEALTH SAVINGS ACCOUNT TAX CREDIT. (a) *Definitions.* In this
2 subsection:

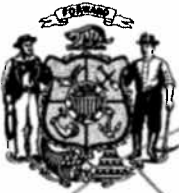
3 1. "Claimant" means an individual who claims a deduction for a contribution
4 to, or who claims federal tax-exempt earnings relating to, a health savings account
5 under section 223 of the Internal Revenue Code.

6 2. "Deduction amount" means the allowable amount of a deduction claimed on
7 a claimant's federal income tax return for a contribution to a health savings account
8 under section 223 of the Internal Revenue Code, or federal tax-exempt earnings
9 relating to a health savings account under section 223 of the Internal Revenue Code.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
11 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
12 amount of those taxes, 6.5 percent of the deduction amount claimed in the taxable
13 year to which the claim under this subsection relates.

14 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
15 is claimed within the time period under s. 71.75 (2).

16 2. For a claimant who is a nonresident or part-year resident of this state and
17 who is a single person or a married person filing a separate return, multiply the
18 credit for which the claimant is eligible under par. (b) by a fraction the numerator of
19 which is the individual's Wisconsin adjusted gross income and the denominator of
20 which is the individual's federal adjusted gross income. If a claimant is married and
21 files a joint return, and if the claimant or the claimant's spouse, or both, are
22 nonresidents or part-year residents of this state, multiply the credit for which the
23 claimant is eligible under par. (b) by a fraction the numerator of which is the couple's
24 joint Wisconsin adjusted gross income and the denominator of which is the couple's
25 joint federal adjusted gross income.



2009 BILL

1 **AN ACT relating to:** district attorneys and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill increases the appropriation to the Department of Administration by \$1,226,000 in the first fiscal year of the 2009-10 fiscal biennium to pay for salaries and fringe benefits of district attorneys and state employees of the office of the district attorney and for special prosecutions.

For further information see the **state and local** 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:

SECTION 1. Nonstatutory provisions.

(1) REQUIRED GENERAL FUND BALANCE. Section 20.003 (4) of the statutes does not apply to the action of the legislature in enacting this act.

SECTION 2. Fiscal changes.

(1) In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of administration under section 20.475 (1) (d) of the statutes, as

INS
3-5
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