

## 2011 DRAFTING REQUEST

### Bill

Received: 09/14/2011

Received By: mshovers

Wanted: As time permits

Companion to LRB:

For: Van Wanggaard (608) 266-1832

By/Representing: Scott

May Contact:

Drafter: mshovers

Subject: Tax, Individual - dedct/sbtrct  
Tax, Individual - miscellaneous

Addl. Drafters: jkreye

Extra Copies:

Submit via email: YES

Requester's email: Sen.Wanggaard@legis.wisconsin.gov

Carbon copy (CC:) to:

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### Pre Topic:

No specific pre topic given

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### Topic:

Mini IRC update; exempt from taxation employer-provided health benefits to adult children of employees

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### Instructions:

See attached. Based on AB 213, with changes suggested by DOR. Init. app. is January 1, 2011

---

### 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 09/23/2011	wjackson 09/23/2011		_____			State Tax
/1	pkahler 09/26/2011		phenry 09/23/2011	_____	sbasford 09/23/2011	ggodwin 09/23/2011	
				_____	lparisi 09/26/2011	<del>lparisi</del> 09/26/2011	

FE Sent For:

→ AT  
Intro.

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/?	mshovers	11 WJ 9/23	9	ph/ox			
11 MES	9/23/11		23	ph/ox			
FE Sent For:			ph				

<END>

## Shovers, Marc

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**From:** Kelly, Scott  
**Sent:** Thursday, September 22, 2011 3:42 PM  
**To:** Shovers, Marc  
**Cc:** Moore, Heather  
**Subject:** FW: Imputed Income draft?

Marc – FYI...anything you can do. BTW, we'll want Assembly and Senate companions

---

**From:** Moore, Heather  
**Sent:** Thursday, September 22, 2011 3:31 PM  
**To:** Kelly, Scott  
**Cc:** 'jculotta@wmc.org'; 'Melissa Duffy'  
**Subject:** RE: Imputed Income draft?

Hi Scott,

We need this by tomorrow not later than 12pm. The Assembly is planning on pushing this through in committee early next week.

*Heather Moore*  
Office of Pat Strachota  
Office (608) 264-8486  
Toll-Free (888) 534-0058

---

**From:** Kelly, Scott  
**Sent:** Thursday, September 22, 2011 3:21 PM  
**To:** Moore, Heather  
**Cc:** 'jculotta@wmc.org'; 'Melissa Duffy'  
**Subject:** FW: Imputed Income draft?

FYI

---

**From:** Shovers, Marc  
**Sent:** Thursday, September 22, 2011 3:19 PM  
**To:** Kelly, Scott  
**Subject:** RE: Imputed Income draft?

Hi Scott:

Barring any emergencies, I think I'll be able to work on it tomorrow. It should go into editing either tomorrow or Monday.

Thanks.

Marc

---

**From:** Kelly, Scott  
**Sent:** Thursday, September 22, 2011 8:47 AM  
**To:** Shovers, Marc  
**Subject:** Imputed Income draft?

Any idea when you'll be done? We

Scott Kelly  
Senator Van Wanggaard  
21st Senate District  
(608)266-1832  
[scott.kelly@legis.wisconsin.gov](mailto:scott.kelly@legis.wisconsin.gov)



2079/1



LRB 2314/1  
MES&JK:cjs:md

2 MNR +WLJ

D-NOTE

**2011 ASSEMBLY BILL 213**

NOW

August 2, 2011 - Introduced by Representatives DOYLE, SPANBAUER, HULSEY, VRUWINK, YOUNG, BERCEAU, SINICKI, STASKUNAS, POPE-ROBERTS and MASON, cosponsored by Senators VINEHOUT, HOLPERIN, LASSA, TAYLOR and BISSER. Referred to Joint Survey Committee on Tax Exemptions.

1 AN ACT to create 71.98 (2) of the statutes; relating to: adopting federal law as  
2 it relates to excluding from an employee's income certain payments from an  
3 employer related to medical care.

NO# This bill first applies to taxable years beginning January 1, 2010

**Analysis by the Legislative Reference Bureau**

This bill adopts, for state income and franchise tax purposes, a provision in the Internal Revenue Code that relates to exempting from taxation certain payments made by an employer to an employee to reimburse the employee for costs he or she has paid for medical care for the employee's adult child.

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:**

4 SECTION 1. 71.98 (2) of the statutes is created to read:  
5 71.98 (2) IMPUTED INCOME; EMPLOYER PAYMENTS TO EMPLOYEES FOR MEDICAL CARE.  
6 Section 105 (b) of the Internal Revenue Code, as amended to December 31, 2010, and

INS 1-6

**ASSEMBLY BILL 213**

**SECTION 1**

1 related to amounts paid by an employer to an employee to reimburse the employee  
2 for costs paid by him or her for medical care for the employee's adult child.

3 **SECTION 2. Initial applicability.**

4 (1) This act first applies <sup>repealed</sup> to taxable years beginning on January 1 <sup>2011,</sup> of the year  
5 in which this subsection takes effect, except that if this subsection takes effect after  
6 July 31 this act first applies to taxable years beginning on January 1 of the year  
7 following the year in which this subsection takes effect.

8 (END)

D-NOTE →



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRBa1507/1  
MES.....

ASSEMBLY AMENDMENT,  
TO 2011 ASSEMBLY BILL 213

INS 1-6

1  
2  
3  
4

At the locations indicated, amend the bill as follows:

1. Page 1, line 6: after ~~Section 1004~~ <sup>Insert</sup> 1004 (d) of Public Law 111-152, and  
section.

(END)

DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

-2979/1  
LRB-2974/2dn

MES...Y:...

WJ

FMNR

Date

~~Representative Strachan~~ Senator Wanggaard

As you requested, this bill first applies to taxable years beginning on January 1, 2011. Typically, bills that take effect after August 1 of a year first apply to taxable years beginning on January 1 of the year following the year in which they take effect. This is because the Department of Revenue needs time to prepare and print the tax forms. With regard to this bill, because it will not be enacted until at least October 6, 2011, the usual initial applicability provision would be January 1, 2012. This drafter's note is meant to alert you that a January 1, 2011, initial applicability provision could be difficult for DOR to administer.

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

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

LRB-2979/1dn  
MES:wlj:ph

September 23, 2011

Senator Wanggaard:

As you requested, this bill first applies to taxable years beginning on January 1, 2011. Typically, bills that take effect after August 1 of a year first apply to taxable years beginning on January 1 of the year following the year in which they take effect. This is because the Department of Revenue needs time to prepare and print the tax forms. With regard to this bill, because it will not be enacted until at least October 2011, the usual initial applicability provision would be January 1, 2012. This drafter's note is meant to alert you that a January 1, 2011, initial applicability provision could be difficult for DOR to administer.

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

**Godwin, Gigi**

---

**From:** Shovers, Marc  
**Sent:** Friday, September 23, 2011 12:44 PM  
**To:** Barman, Mike  
**Subject:** FW: Jacket

Please jacket this draft for the Senate. Thanks.

Marc

---

**From:** Kelly, Scott  
**Sent:** Friday, September 23, 2011 12:37 PM  
**To:** Shovers, Marc  
**Subject:** Jacket

Please Jacket LRB 2979

Scott Kelly  
Senator Van Wanggaard  
21st Senate District  
(608)266-1832  
scott.kelly@legis.wisconsin.gov

**Kahler, Pam**

---

**From:** Shovers, Marc  
**Sent:** Friday, September 23, 2011 3:10 PM  
**To:** Kelly, Scott; 'Melissa Duffy'; Kahler, Pam  
**Cc:** Moore, Heather  
**Subject:** RE: Adult Dependents: LRB -2974/1 and LRB -2979/1

Hello Everyone:

We will be able to get you a /2 with this change in it by noon on Monday. Scott and Heather, if your respective drafts have been jacketed, please send the jackets back for redrafting. Thanks.

Marc

---

**From:** Kelly, Scott  
**Sent:** Friday, September 23, 2011 2:57 PM  
**To:** 'Melissa Duffy'; Kahler, Pam  
**Cc:** Shovers, Marc; Moore, Heather  
**Subject:** RE: Adult Dependents

If we can get a /2 by Noon Monday, then that would our preference

---

**From:** Melissa Duffy [mailto:[melissa.duffy@me.com](mailto:melissa.duffy@me.com)]  
**Sent:** Friday, September 23, 2011 2:56 PM  
**To:** Kahler, Pam; Kelly, Scott  
**Cc:** Shovers, Marc  
**Subject:** RE: Adult Dependents

Thanks Pam. This would have been easily clarified if it wasn't for it the timing and yes, this is all in reference to LRB 2979. Scott will need to tell you if Sen. Wanggaard would prefer a slash 2 over a sub – doesn't really seem germane as a simple amendment but that's Scott's call.

---

**From:** Kahler, Pam [mailto:[Pam.Kahler@legis.wisconsin.gov](mailto:Pam.Kahler@legis.wisconsin.gov)]  
**Sent:** Friday, September 23, 2011 2:46 PM  
**To:** Melissa Duffy  
**Cc:** Shovers, Marc  
**Subject:** RE: Adult Dependents

Melissa:

Marc is at a meeting out of the office right now, so I will bring him up to speed later. We did not know that what you needed amended was s. 632.885 (1) (at). So, in what draft do you need this added, LRB-2979? Or do you need an amendment that adds this to an existing bill?

---

**From:** Melissa Duffy [mailto:[melissa.duffy@me.com](mailto:melissa.duffy@me.com)]

9/23/2011

**Sent:** Friday, September 23, 2011 2:41 PM

**To:** Kelly, Scott; Kahler, Pam; Shovers, Marc

**Subject:** Adult Dependents

Hi all,

To get us all on the same page, what we're looking for is a revision to 632.885(1)(at) per below (added language in red and underlined).

632.885(1)(at) (PDF: )

( at ) "Health insurance coverage" has the meaning given in 42 USC 300gg-91 (a) (1) and (b) ( 1 ). "Health insurance coverage" does not include excepted benefits that are excluded under section 2722 (b) or (c) of the Public Health Service Act (42 USC 300gg-21 (b) or (c).)

The last sentence is the one taken from AB 210 referencing excepted benefits (under the definition of health insurance coverage). Julie Walsh suggests adding the (a)(1) and to make it clear it applies to both group and individual coverage – a problem neither of us had any idea existed until 10 minutes ago. She has signed off on this as a way to clarify that stand alone vision and dental are not included in the mandate.

Thanks,

Melissa Duffy

(608) 334-0624

**Parisi, Lori**

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**From:** Shovers, Marc  
**Sent:** Monday, September 26, 2011 9:56 AM  
**To:** Barman, Mike; Parisi, Lori  
**Cc:** Kahler, Pam  
**Subject:** FW: 2979/1

Please send the jacket for this bill to Sen. Wanggaard and send the jacket for LRB -2974 to Rep. Strachota. Thanks.

Marc

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**From:** Kelly, Scott  
**Sent:** Monday, September 26, 2011 9:20 AM  
**To:** Shovers, Marc  
**Cc:** Moore, Heather  
**Subject:** 2979/1

Marc –

Please jacket /1 for both the Senate and Assembly. We're holding off on the additional language for now.

Sorry for the switch.

Scott

Scott Kelly  
Senator Van Wanggaard  
21st Senate District  
(608)266-1832  
scott.kelly@legis.wisconsin.gov