



State of Wisconsin
2011 - 2012 LEGISLATURE

January 2011 Special Session



LRBs0008/4
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**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 2**

January 18, 2011 - Offered by JOINT COMMITTEE ON FINANCE.

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 substitute amendment adopts, for state income and franchise tax purposes, a number of provisions in the Internal Revenue Code that relate to claiming a deduction for an amount that a person pays into a health savings account. The substitute amendment also specifies that any gain generated by a health savings account is exempt from taxation.

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

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:

6 **CHAPTER 71**

7 **SUBCHAPTER XVI**

8 **INTERNAL REVENUE CODE UPDATE**

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.** Sections 106 (d), 220 (f) (5) (A), 223, and 408 (d)
12 (9) of the Internal Revenue Code, all as amended to December 31, 2010, and relating
13 to health savings accounts.

14 **SECTION 3. Nonstatutory provisions.**

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

17 **SECTION 4. Initial applicability.**

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

19 **(END)**