



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1823/P2
EKL:ahc

DOA:.....Quinn, BB0292 - Medical care insurance subtraction for self-employed persons

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

1. Modification to medical care insurance subtraction

This bill changes how nonresidents and part-year residents calculate the subtraction for medical care insurance premiums that self-employed individuals may claim for income tax purposes. Under current law, the subtraction is prorated based on the individual's share of income earned from a trade or business that is taxable in Wisconsin. Under the bill, the subtraction is prorated based on the individual's share of total income that is taxable in Wisconsin, not just the earnings from a trade or business. The bill also repeals several provisions that provided a subtraction for medical care insurance premiums but are no longer operable.

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. 71.05 (6) (b) 17. of the statutes is repealed.

SECTION 2. 71.05 (6) (b) 18. of the statutes is repealed.

SECTION 3. 71.05 (6) (b) 19. c. of the statutes is amended to read:

71.05 (6) (b) 19. c. For taxable years beginning before January 1, 2020, for a person who is a nonresident or a part-year resident of this state, modify the amount calculated under subd. 19. b. by multiplying the amount by a fraction the numerator of which is the person's net earnings from a trade or business that are taxable by this state and the denominator of which is the person's total net earnings from a trade or business.

SECTION 4. 71.05 (6) (b) 19. cm. of the statutes is created to read:

71.05 (6) (b) 19. cm. For taxable years beginning after December 31, 2019, for a person who is a nonresident or a part-year resident of this state, modify the amount calculated under subd. 19. b. by multiplying the amount by a fraction the numerator of which is the person's wages, salary, tips, unearned income, and net earnings from a trade or business that are taxable by this state and the denominator of which is the person's total wages, salary, tips, unearned income, and net earnings from a trade or business. In this subdivision, for married persons filing separately "wages, salary, tips, unearned income, and net earnings from a trade or business" means the separate wages, salary, tips, unearned income, and net earnings from a trade or business of each spouse, and for married persons filing jointly "wages, salary, tips, unearned income, and net earnings from a trade or business" means the total wages,

salary, tips, unearned income, and net earnings from a trade or business of both spouses.

SECTION 5. 71.05 (6) (b) 19. d. of the statutes is amended to read:

71.05 (6) (b) 19. d. ~~Reduce~~ For taxable years beginning before January 1, 2020, reduce the amount calculated under subd. 19. b. or c. to the person's aggregate net earnings from a trade or business that are taxable by this state.

SECTION 6. 71.05 (6) (b) 19. dm. of the statutes is created to read:

71.05 (6) (b) 19. dm. For taxable years beginning after December 31, 2019, reduce the amount calculated under subd. 19. b. or cm. to the person's aggregate wages, salary, tips, unearned income, and net earnings from a trade or business that are taxable by this state.

SECTION 7. 71.05 (6) (b) 20. of the statutes is repealed.

SECTION 8. 71.05 (6) (b) 36. of the statutes is repealed.

SECTION 9. 71.05 (6) (b) 37. of the statutes is repealed.

SECTION 10. 71.05 (6) (b) 39. of the statutes is repealed.

SECTION 11. 71.05 (6) (b) 40. of the statutes is repealed.

SECTION 12. 71.05 (6) (b) 41. of the statutes is repealed.

SECTION 13. 71.07 (5) (a) 15. of the statutes is amended to read:

71.07 (5) (a) 15. The amount claimed as a deduction for medical care insurance under section 213 of the Internal Revenue Code that is exempt from taxation under s. 71.05 (6) (b) ~~17. to 20.~~ 19., 35., ~~36., 37., 38., 39., 40., 41.,~~ and 42. and the amount claimed as a deduction for a long-term care insurance policy under section 213 (d) (1) (D) of the Internal Revenue Code, as defined in section 7702B (b) of the Internal Revenue Code that is exempt from taxation under s. 71.05 (6) (b) 26.

(END)