1997 SENATE BILL 56

February 5, 1997 – Introduced by Senators BRESKE, BUETTNER, SCHULTZ, DARLING and ROSENZWEIG, cosponsored by Representatives MUSSER, MEYER, NOTESTEIN, HANDRICK, LADWIG, WASSERMAN, LINTON, POWERS, HASENOHRL, SERATTI, WARD, SPRINGER, FREESE, UNDERHEIM and RYBA. Referred to Joint survey committee on Tax Exemptions.

1   AN ACT *to amend* 71.07 (5) (a) 15.; and *to create* 71.05 (6) (b) 25. of the statutes;

2   **relating to:** an individual income tax deduction for long–term care insurance

3   premiums.

Analysis by the Legislative Reference Bureau

Under current law, and subject to some limitations, 100% of the amount paid by a self–employed person for medical care insurance for the person, his or her spouse and the person's dependents may be subtracted by the person from his or her federal adjusted gross income as part of the calculation of the person's Wisconsin adjusted gross income. The amount of this income tax deduction may not exceed the person's taxable aggregate net earnings in the year to which the deduction relates.

A similar income tax deduction exists under current law for 50% of the amount paid by a person who is the employe of another person, if the person's employer pays no amount of money toward the person's medical care insurance, for medical care insurance for the person, his or her spouse and the person's dependents.

This bill creates a similar deduction for 25% of the amount paid by a person for long–term care insurance for the person and his or her spouse. The amount of the deduction may not exceed the person's aggregate wages, unearned income and taxable net earnings in the year to which the deduction relates, nor may the deduction exceed $250.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

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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. 71.05 (6) (b) 25. of the statutes is created to read:

2   71.05 **(6)** (b) 25. For taxable years beginning on or after January 1, 1997, an

3   amount paid by a person for a long–term care insurance policy for the person and his

4   or her spouse, calculated as follows:

5   a. Twenty–five percent of the amount paid by the person for a long–term care

6   insurance policy. In this subdivision, "long–term care insurance policy" has the

7   meaning given in s. 600.03 (28g), and applies to a policy that covers the person and

8   his or her spouse.

9   b. From the amount calculated under subd. 25. a., subtract the amounts

10   deducted from gross income for a long–term care insurance policy in the calculation

11   of federal adjusted gross income.

12   c. For a person who is a nonresident or a part–year resident of this state, modify

13   the amount calculated under subd. 25. b. by multiplying the amount by a fraction the

14   numerator of which is the person's wages, unearned income and net earnings from

15   a trade or business that are taxable by this state and the denominator of which is the

16   person's total wages, unearned income and net earnings from a trade or business.

17   d. Reduce the amount calculated under subd. 25. b. or c. to the person's

18   aggregate wages, unearned income and net earnings from a trade or business that

19   are taxable by this state.

20   e. Reduce the amount calculated under subd. 25. d. to $250 if the amount

21   calculated under subd. 25. d. is greater than $250.

1   **SECTION 2.** 71.07 (5) (a) 15. of the statutes is amended to read:

2   71.07 **(5)** (a) 15. The amount claimed as a deduction for medical care insurance

3   under section 213 of the ~~internal revenue code~~ <u>Internal Revenue Code</u> that is exempt

4   from taxation under s. 71.05 (6) (b) 17. to 20<u>. and the amount claimed as a deduction</u>

5   <u>for a long–term care insurance policy under section 7702B of the Internal Revenue</u>

6   <u>Code that is exempt from taxation under s. 71.05 (6) (b) 25</u>.

7   **(END)**