

1999 DRAFTING REQUEST

Bill

Received: 08/13/1999

Received By: jkreye

Wanted: As time permits

Identical to LRB: 99-2530

For: Eugene Hahn (608) 266-3404

By/Representing: Heather

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Alt. Drafters: jkreye

Subject: Tax - individual income

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

individual income tax subtract modification for amount spent on medical insurance premiums

Instructions:

See Attached. Companion to SB 218, LRB 99-2530.

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> |
|--------------|-----------------------|-----------------------|------------------------|----------------|----------------------------|----------------------------|-----------------|
| /?           | jkreye<br>08/13/1999  | ygeller<br>08/17/1999 |                        | _____          |                            |                            | State<br>Tax    |
| /1           |                       |                       | martykr<br>08/18/1999  | _____          | lrb_docadmin<br>08/18/1999 |                            | State<br>Tax    |
| /2           | shoveme<br>08/24/1999 | ygeller<br>08/24/1999 | jfrantze<br>08/24/1999 | _____          | lrb_docadmin<br>08/24/1999 | lrb_docadmin<br>08/26/1999 |                 |

FE Sent For:

09-13-99

<END>

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| /1           |                       |                       | martykr<br>08/18/1999  | _____          | lrb_docadmin<br>08/18/1999 |                 | State<br>Tax    |
| /2           | shoveme<br>08/24/1999 | jgeller<br>08/24/1999 | jfrantze<br>08/24/1999 | _____          | lrb_docadmin<br>08/24/1999 |                 |                 |

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| /?           | jkreye<br>08/13/1999 | ygeller<br>08/17/1999 |                       | _____          |                            |                 | State<br>Tax    |
| /1           |                      | 1/2 8/24 jg           | martykr<br>08/18/1999 | _____          | lrb_docadmin<br>08/18/1999 |                 |                 |

JAMES 8/24

FE Sent For:

8/24 Jb HMC  
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|--------------|----------------|------------------|--------------|------------------------------|------------------|-----------------|-----------------|
| 1?           | jkreye         | <i>1 8/11 jg</i> | <i>km/17</i> | <i>mcg 8</i><br><i>km/18</i> |                  |                 |                 |

FE Sent For:

<END>

2530/1

draft an assembly bill

health insurance deductions

Rep. Hahn.

Heather

6-3404

3442/1  
LRB-2830/1  
MES:jg:jf  
JKMES: jg

**1999 BILL**

in 8-13-99

Regen

1 AN ACT *to amend* 71.05 (6) (b) 20. (intro.) and 71.07 (5) (a) 15.; and *to create*  
2 71.05 (6) (b) 29. of the statutes; **relating to:** creating an individual income tax  
3 subtract modification for amounts spent on medical insurance premiums by  
4 certain individuals.

---

***Analysis by the Legislative Reference Bureau***

Under current law, there is an individual income tax deduction for 50% of the amount paid by a person for a medical care insurance policy that covers the person, his or her spouse and the person's dependents if the person's employer pays no amount of money toward the person's medical care insurance.

This bill creates an individual income tax deduction for 100% of the amount paid by an individual for a medical care insurance policy that covers the individual, his or her spouse and the individual's dependents if the individual, other than a self-employed person, has no employer or if the individual's employer pays no amount of money toward the individual's medical care insurance.

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.

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:***

**BILL**

1           **SECTION 1.** 71.05 (6) (b) 20. (intro.) of the statutes is amended to read:

2           71.05 (6) (b) 20. (intro.) For taxable years beginning on or after January 1,  
3           1995, and before January 1, 2000, an amount paid by a person who is the employe  
4           of another person if the person's employer pays no amount of money toward the  
5           person's medical care insurance, for medical care insurance for the person, his or her  
6           spouse and the person's dependents, calculated as follows:

7           **SECTION 2.** 71.05 (6) (b) 29. of the statutes is created to read:

8           71.05 (6) (b) 29. For taxable years beginning after December 31, 1999, an  
9           amount paid by an individual, other than a person to whom subd. 19. applies, who  
10          has no employer or who is the employe of another person if the individual's employer  
11          pays no amount of money toward the individual's medical care insurance, for medical  
12          care insurance for the individual, his or her spouse and the individual's dependents,  
13          calculated as follows:

14          a. One hundred percent of the amount paid by the individual for medical care  
15          insurance. In this subdivision, "medical care insurance" means a medical care  
16          insurance policy that covers the individual, his or her spouse and the individual's  
17          dependents and provides surgical, medical, hospital, major medical or other health  
18          service coverage, and includes payments made for medical care benefits under a  
19          self-insured plan, but "medical care insurance" does not include hospital indemnity  
20          policies or policies with ancillary benefits such as accident benefits or benefits for loss  
21          of income resulting from a total or partial inability to work because of illness,  
22          sickness or injury.

23          b. From the amount calculated under subd. 29. a., subtract the amounts  
24          deducted from gross income for medical care insurance in the calculation of federal  
25          adjusted gross income.

**BILL**

1 c. For an individual who is a nonresident or part-year resident of this state,  
2 multiply the amount calculated under subd. 29. b., by a fraction the numerator of  
3 which is the individual's wages, salary, tips, unearned income and net earnings from  
4 a trade or business that are taxable by this state and the denominator of which is the  
5 individual's total wages, salary, tips, unearned income and net earnings from a trade  
6 or business. In this subd. 29. c., for married persons filing separately "wages, salary,  
7 tips, unearned income and net earnings from a trade or business" means the separate  
8 wages, salary, tips, unearned income and net earnings from a trade or business of  
9 each spouse, and for married persons filing jointly "wages, salary, tips, unearned  
10 income and net earnings from a trade or business" means the total wages, salary,  
11 tips, unearned income and net earnings from a trade or business of both spouses.

12 d. Reduce the amount calculated under subd. 29. d. to the individual's  
13 aggregate wages, salary, tips, unearned income and net earnings from a trade or  
14 business that are taxable by this state.

15 **SECTION 3.** 71.07 (5) (a) 15. of the statutes is amended to read:

16 71.07 (5) (a) 15. The amount claimed as a deduction for medical care insurance  
17 under section 213 of the Internal Revenue Code that is exempt from taxation under  
18 s. 71.05 (6) (b) 17. to 20. and 29. and the amount claimed as a deduction for a  
19 long-term care insurance policy under section 213 (d) (1) (D) of the Internal Revenue  
20 Code, as defined in section 7702B (b) of the Internal Revenue Code that is exempt  
21 from taxation under s. 71.05 (6) (b) 26.

22 **SECTION 4. Initial applicability.**

23 (1) This act first applies to taxable years beginning on January 1, 2000.

24 (END)





RMR

1999 BILL

repen

1 AN ACT to amend 71.05 (6) (b) 20. (intro.) and 71.07 (5) (a) 15.; and to create  
2 71.05 (6) (b) 29. of the statutes; relating to: creating an individual income tax  
3 subtract modification for amounts spent on medical insurance premiums by  
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Under current law, there is an individual income tax deduction for 50% of the amount paid by a person for a medical care insurance policy that covers the person, his or her spouse and the person's dependents if the person's employer pays no amount of money toward the person's medical care insurance.

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8           71.05 (6) (b) 29. For taxable years beginning after December 31, 1999, an  
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14          a. One hundred percent of the amount paid by the individual for medical care  
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18          service coverage, and includes payments made for medical care benefits under a  
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20          policies or policies with ancillary benefits such as accident benefits or benefits for loss  
21          of income resulting from a total or partial inability to work because of illness,  
22          sickness or injury.

23          b. From the amount calculated under subd. 29. a., subtract the amounts  
24          deducted from gross income for medical care insurance in the calculation of federal  
25          adjusted gross income.

**BILL**

1 c. For an individual who is a nonresident or part-year resident of this state,  
2 multiply the amount calculated under subd. 29. <sup>a. or</sup> b., by a fraction the numerator of  
3 which is the individual's wages, salary, tips, unearned income and net earnings from  
4 a trade or business that are taxable by this state and the denominator of which is the  
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8 wages, salary, tips, unearned income and net earnings from a trade or business of  
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10 income and net earnings from a trade or business" means the total wages, salary,  
11 tips, unearned income and net earnings from a trade or business of both spouses.

12 d. Reduce the amount calculated under subd. 29. <sup>✓</sup> ~~to~~ <sup>a, b, or c,</sup> to the individual's  
13 aggregate wages, salary, tips, unearned income and net earnings from a trade or  
14 business that are taxable by this state.

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18 s. 71.05 (6) (b) 17. to 20. and 29. and the amount claimed as a deduction for a  
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20 Code, as defined in section 7702B (b) of the Internal Revenue Code that is exempt  
21 from taxation under s. 71.05 (6) (b) 26.

22 **SECTION 4. Initial applicability.**

23 (1) This act first applies to taxable years beginning on January 1, 2000.

24 (END)

**SUBMITTAL  
FORM**

**LEGISLATIVE REFERENCE BUREAU  
Legal Section Telephone: 266-3561  
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

**Date:** 08/24/1999

**To:** Representative Hahn

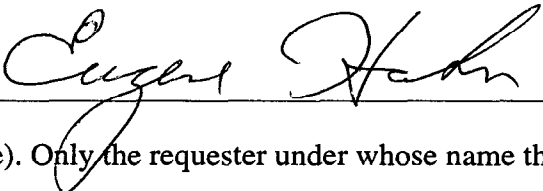
**Relating to LRB drafting number:** LRB-3442

**Topic**

individual income tax subtract modification for amount spent on medical insurance premiums

**Subject(s)**

Tax - individual income

1. **JACKET** the draft for introduction \_\_\_\_\_  
in the **Senate** \_\_\_\_ or the **Assembly**  (check only one).  Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached \_\_\_\_\_.  
A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction \_\_\_\_\_.  
If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney  
Telephone: (608) 266-0129



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION (608) 266-3561  
REFERENCE SECTION (608) 266-0341  
FAX (608) 266-5648

STEPHEN R. MILLER  
CHIEF

October 8, 1999

*LRB COPY*  
*2*

## MEMORANDUM

**To:** Representative Hahn

**From:** Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

**Subject:** Technical Memorandum to **1999 AB 456** (LRB 99-3442/2)

---

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

**MEMORANDUM**

October 6, 1999

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Yeang-Eng Braun *YEB*  
Department of Revenue

**SUBJECT:** Technical Memorandum on Assembly Bill 456, Relating to an Individual Income Tax Deduction for Certain Health Insurance Premiums

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

|          | <u>Chapter 20</u> | <u>Amount</u> | <u>FTE</u> |
|----------|-------------------|---------------|------------|
| one-time | s. 20.566 (1) (a) | \$9,400       |            |
| annual   | s. 20.566 (1) (a) | \$40,800      |            |

If you have any questions regarding these costs, please contact Pat Lashore at 266-3347.

YEB:DC:skr  
t:\fsn99-00\dc\lab456.tec

