

**1999 DRAFTING REQUEST**

**Bill**

Received: 12/10/1999

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Mary Lazich (608) 266-5400**

By/Representing: **Jim**

This file may be shown to any legislator: **NO**

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income**

Extra Copies:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Individual income tax exemption for medicare supplement insurance premiums

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**Instructions:**

See Attached. Subtract modification for amounts paid for medicare supplement insurance premiums

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**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>
/?	shoveme 12/22/1999	jgeller 12/27/1999		_____			State Tax
/1			martykr 12/27/1999	_____	lrb_docadmin 12/27/1999	lrb_docadmin 03/03/2000	

FE Sent For (03/03/2000.)  
"YI"  
G →

<END>

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1?	shoveme	1/12/27 jlg	1/12/27 km	1/13/27 km			

11 MES 12/22/99

FE Sent For:

<END>

# Medicare Supplement INSURANCE

SEN. LAZICH

- JIM  
6-5400

allow a subtract modification  
for premiums paid for ~~other~~  
medicare supplement insurance

4063/1

P-Note

Stays R-MNR

1999 ASSEMBLY BILL 456

September 14, 1999 - Introduced by Representatives HAHN, KESTELL, RHOADES, LADWIG, HUNDERTMARK, REYNOLDS, PETTIS, LASSA, KELSO, WALKAU, SKINDRUD, FREESE, SYKORA, HASENOHRL, URBAN, STONE, MUSSEY, PLOUFF, F. LASEE, KEDZIE, PLALE, OWENS, GUNDERSON, SERATH, KLUSMAN, GOETSCH, OLSEN, COLON, AINSWORTH, PETROWSKI, NASS, STASKUNAS, RYBA, BRANDEMUEHL, JESKEWITZ, UNDERHEIM, HUEBSCH, MEYERHOFER and JENSEN, cosponsored by Senators DRZEWIECKI, WIRCH, DARLING, PLACHE, HUELSMAN, LAZICH, SCHULTZ, ROESSLER and WELCH. Referred to Joint survey committee on Tax Exemptions.

repeal

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.

medicare supplement

long-term  
Analysis by the Legislative Reference Bureau

Under current law, there is an individual income tax deduction for 80% 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:

ASSEMBLY BILL 456

SECTION 1

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

71.05 (6) (b) 20. (intro.) For taxable years beginning on or after January 1, 1995, and before January 1, 2000, an 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, calculated as follows:

SECTION 2. 71.05 (6) (b) ~~20~~<sup>31</sup> of the statutes is created to read:

71.05 (6) (b) ~~20~~<sup>31</sup>. For taxable years beginning after December 31, 1999, an amount paid by an individual, other than a person to whom subd. 10 applies, who has no employer or who is the employe of another person if the individual's employer pays no amount of money toward the individual's medical care insurance, for <sup>a medicare supplement policy</sup> medical care insurance for the individual, his or her spouse and the individual's dependents, <sup>a medicare supplement policy</sup> calculated as follows:

a. One hundred percent of the amount paid by the individual for <sup>medical care</sup> ~~medical care~~ insurance.

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

b. From the amount calculated under subd. ~~20~~<sup>31</sup> a., subtract the amounts deducted from gross income for <sup>a medicare supplement policy</sup> ~~medical care insurance~~ in the calculation of federal adjusted gross income.

INS  
2-15

## ASSEMBLY BILL 456

1 c. For an individual who is a nonresident or part-year resident of this state,  
2 multiply the amount calculated under subd. ~~20~~<sup>31</sup> a. or b., by a fraction the numerator  
3 of which is the individual's wages, salary, tips, unearned income and net earnings  
4 from a trade or business that are taxable by this state and the denominator of which  
5 is the individual's total wages, salary, tips, unearned income and net earnings from  
6 a trade or business. In this subd. ~~20~~<sup>31</sup> c., for married persons filing separately "wages,  
7 salary, tips, unearned income and net earnings from a trade or business" means the  
8 separate wages, salary, tips, unearned income and net earnings from a trade or  
9 business of each spouse, and for married persons filing jointly "wages, salary, tips,  
10 unearned income and net earnings from a trade or business" means the total wages,  
11 salary, tips, unearned income and net earnings from a trade or business of both  
12 spouses.

13 d. Reduce the amount calculated under subd. ~~20~~<sup>31</sup> a., b. or c. to the individual's  
14 aggregate wages, salary, tips, unearned income and net earnings from a trade or  
15 business that are taxable by this state.

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

17 71.07 (5) (a) 15. The amount claimed as a deduction for medical care insurance  
18 under section 213 of the Internal Revenue Code that is exempt from taxation under  
19 s. 71.05 (6) (b) 17. to 20. ~~20~~<sup>31</sup> and the amount claimed as a deduction for a  
20 long-term care insurance policy under section 213 (d) (1) (D) of the Internal Revenue  
21 Code, as defined in section 7702B (b) of the Internal Revenue Code that is exempt  
22 from taxation under s. 71.05 (6) (b) 26.

23 **SECTION 4. Initial applicability.**

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

25 (END)

*D. Note* →

1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-4063/?ins  
MES.....

INS 2-15

(23) (H) "medicare" means 42 USC 1395 to 1395ss and "medicare supplement policy" means a disability insurance policy or certificate advertised, marketed or designed primarily to supplement benefits under medicare<sup>✓</sup> for the hospital, medical or surgical expenses of persons eligible for medicare that covers the individual and his or her spouse.

P-note

The definitions of "medicare" and "medicare supplement policy" are from S. 600.03 (28m) and (28r). Please let me know if ~~these~~<sup>these</sup> definitions do not meet your intent.

MZA



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

LRB-4063/1dn  
MES;jlg:km

December 27, 1999

The definitions of "medicare" and "medicare supplement policy" are taken from s. 600.03 (28m) and (28r). Please let me know if these definitions do not meet your intent.

Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: [Marc.Shovers@legis.state.wi.us](mailto:Marc.Shovers@legis.state.wi.us)

**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:** 12/27/1999

**To:** Senator Lazich

**Relating to LRB drafting number:** LRB-4063

**Topic**

Individual income tax exemption for medicare supplement insurance premiums

**Subject(s)**

Tax - individual income

1. **JACKET** the draft for introduction Mary Lazich  
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 Yes.  
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