

2001 DRAFTING REQUEST

Bill

Received: 12/15/2000

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: Eugene Hahn (608) 266-3404

By/Representing: Heather

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Alt. Drafters:

Subject: Tax - individual income

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Individual income tax deduction for medical insurance premiums.

Instructions:

Redraft 1999 AB 456, LRB -3442/2

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 12/15/2000	jdyer 12/26/2000		_____			State Tax
/1			martykr 01/05/2001	_____	lrb_docadmin 01/05/2001	lrb_docadmin 01/08/2001	

FE Sent For:

<END>

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1/?	shoveme	1/12/00 jld	km/12	km/15			
11 MES 12/15/00							

FE Sent For:

<END>

D. note

jd R MNR

2001 ~~1999~~ ASSEMBLY BILL ~~156~~

September 14, 1999 - Introduced by Representatives HAHN, KESTELL, RHOADES, LADWIG, HUNDERTMARK, REYNOLDS, PETTIS, LASSA, KELSO, WAUKAU, SKINDRUD, FREESE, SYKORA, HASENOHRL, URBAN, STONE, MUSSER, PLOUFF, F. LASEE, KEDZIE, PLALE, OWENS, GUNDERSON, SERATTI, 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.

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
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:

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 employee 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) of the statutes is created to read:

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

a. One hundred percent of the amount paid by the individual for 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. a., subtract the amounts deducted from gross income for medical care insurance in the calculation of federal adjusted gross income.

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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~~³⁴ 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~~³⁴ 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~~³⁴ 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:

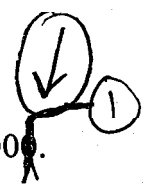
17 71.07 (5) (a) 15. The amount claimed as a deduction for medical care insurance
 18 under section 213 of the Internal Revenue Code that is exempt from taxation under
 19 s. 71.05 (6) (b) 17. to 20. and ~~20~~³⁴ and the amount claimed as a deduction for a
 20 long-term care insurance policy under section 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, 200~~0~~¹.

25 (END)

RWF



D. note

- 1530/ldn

MES: jld

D-note

If this bill is not enacted
by approximately August 1, 2001,
it must be redrafted to advance
all of the dates by one year
or the Department of Revenue
won't have time to incorporate
the changes made by the bill
into the tax forms.

MM Ed

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1530/1dn
MES:jld:km

January 5, 2001

If this bill is not enacted by approximately August 1, 2001, it must be redrafted to advance all of the dates by one year or the Department of Revenue won't have time to incorporate the changes made by the bill into the tax forms.

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

Barman, Mike

From: Shovers, Marc
Sent: Monday, January 08, 2001 2:27 PM
To: Barman, Mike
Subject: FW:

Thanks Mike. I'm sure Rep. Hahn wants it jacketed for the Assembly.

Marc

-----Original Message-----

From: Hahn, Eugene
Sent: Monday, January 08, 2001 2:00 PM
To: Shovers, Marc
Subject:

Please jacket LRB 1530
Thank you.
Rep. Gene Hahn



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

February 19, 2001

MEMORANDUM

To: Representative Hahn

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

Subject: Technical Memorandum to **2001 AB-51** (LRB 01-1530/1)

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

February 15, 2001

TO: Marc Shovers
Legislative Reference Bureau

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

SUBJECT: Technical Memorandum on AB 51 - 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)	FY02 \$40,300 FY03 \$ 9,400	
annual	s. 20.566 (1) (a)	\$87,600	0.95

If you have any questions regarding this technical memorandum, please contact Meredith Krejny at 261-8984.

YEB:MK:ds
I:\fsn01-02\mk\ab51.tec