

2001 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-SB55)

Received: 06/26/2001

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Assembly Republican Caucus**

By/Representing: **Hughes**

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

Drafter: **shoveme**

May Contact:

Addl. Drafters:

Subject: **Tax - individual income**

Extra Copies: **RAC**

Submit via email: **NO**

Requester's email:

Pre Topic:

ARC:.....Hughes - AM114,

Topic:

Individual income tax deduction for medical insurance premiums

Instructions:

See Attached. AB 51, -1530/1

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 06/26/2001	csicilia 06/26/2001		_____			
/1			kfollet 06/26/2001	_____	lrb_docadmin 06/27/2001		
/2	shoveme 06/27/2001	csicilia 06/27/2001	rschluet 06/27/2001	_____	lrb_docadmin 06/27/2001		

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

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/?	shoveme 06/26/2001	csicilia 06/26/2001		_____			
/1		1/2 cjs 6/27/01 01	kfollet 06/26/2001	_____	lrb_docadmin 06/27/2001		

1/2 MES 6/27/01
 FE Sent For: *work 1 6/27*

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1?	shoveme	1 cjs 6/26/01	ky 6/26	ky/le 6/26			

11 MES 6/26/01

FE Sent For:

<END>

2001

Date (time) needed _____

LRB b 1791, 1

**ARC CAUCUS BUDGET AMENDMENT
[ONLY FOR CAUCUS]**

MES: cjs: RMVA


See form **AMENDMENTS — COMPONENTS & ITEMS.**

**CAUCUS AMENDMENT
TO ASSEMBLY SUBSTITUTE AMENDMENT 1
TO 2001 SENATE BILL 55**

D-note

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

At the locations indicated, amend the substitute amendment as follows:

#. Page 728, line 23: after that line insert: 

#. Page, line:

#. Page, line:

#. Page, line:

#. Page, line:

#. Page, line:

2001 ASSEMBLY BILL 51

February 1, 2001 – Introduced by Representatives HAHN, HUNDERTMARK, KRAWCZYK, TOWNSEND, PLALE, MILLER, PETTIS, SYKORA, RHOADES, LASSA, HUEBSCH, JESKEWITZ, POWERS, SKINDRUD, SCHOOFF, OWENS, OLSEN, LEIBHAM, F. LASEE, LA FAVE, FREESE, LADWIG, LIPPERT, HOVEN, GUNDERSON, GRONEMUS, KEDZIE, VRAKAS, REYNOLDS, KESTELL, PLOUFF, PETROWSKI, STONE, BALOW, JOHNSRUD, NASS, WILLIAMS, AINSWORTH, SERATTI, URBAN, MUSSER, WADE, ALBERS, MCCORMICK, HUBER, OTT and SHILLING, cosponsored by Senators BRESKE, M. MEYER, ROESSLER, WIRCH, DARLING, PLACHE, LAZICH, SCHULTZ and HUELSMAN. Referred to Committee on Health. Referred to Joint survey committee on Tax Exemptions.

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) 34. 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 51

1 SECTION ^{2143d} 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, 2001, an amount paid by a person who is the employee
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 ^{2143SS} 71.05 (6) (b) 34. of the statutes is created to read:

8 71.05 (6) (b) 34. For taxable years beginning after December 31, 2000, 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 employee 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. 34. a., subtract the amounts
24 deducted from gross income for medical care insurance in the calculation of federal
25 adjusted gross income.

ASSEMBLY BILL 51

1 c. For an individual who is a nonresident or part-year resident of this state,
 2 multiply the amount calculated under subd. 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. 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. 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. " ←

#. Page 735, line 20: after that line insert:

16 → "SECTION 71.07 (5) (a) 15. of the statutes is amended to read:
 2148m

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 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. " ←

D-Note

23 ~~SECTION 71.07 (5) (a) 15.~~ Initial applicability.
 Page 1404, line 21: after that line insert:

24 (99) (5) ~~71.07 (5) (a) 15.~~ first applies to taxable years beginning on January 1, 2001. "

25 The treatment of section 71.07 (5) (a) 15. of the statute
 =
 → Income tax deduction for medical insurance premiums.

(CS)

INIT
APP

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

January 5, 2001

61791 / ldn
LRB-15207ldn
MES/jdk
\$RAC
js

amendment
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.

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

Also, the instructions state that this deduction is to be "paid for" with \$3.9 million from the tobacco settlement securitization. Do you want the permanent endowment fund to increase ~~the~~ transfer to the general fund by \$3.9 million per FY 2001-02?

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1791/1dn
MES&RAC:cjs:kjf

June 26, 2001

If this amendment 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 amendment into the tax forms.

Also, the instructions state this deduction is to be "paid for" with \$3.9 million from the tobacco settlement securitization. Do you want the permanent endowment fund transfer to the general fund to increase by \$3.9 million for FY 2001-02?

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

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us



2
RMA

ARC:.....Hughes – AM114, Individual income tax deduction for medical insurance premiums

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS ASSEMBLY AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 728, line 23: after that line insert:

3 “SECTION 2143d. 71.05 (6) (b) 20. (intro.) of the statutes is amended to read:

4 71.05 (6) (b) 20. (intro.) For taxable years beginning on or after January 1,

5 1995, and before January 1, ~~2001~~ ²⁰⁰² an amount paid by a person who is the employee

6 of another person if the person’s employer pays no amount of money toward the

7 person’s medical care insurance, for medical care insurance for the person, his or her

8 spouse and the person’s dependents, calculated as follows:

9 SECTION 2143ss. 71.05 (6) (b) 34. of the statutes is created to read:

2001

1 71.05 (6) (b) 34. For taxable years beginning after December 31, ~~2000~~ an
2 amount paid by an individual, other than a person to whom subd. 19. applies, who
3 has no employer or who is the employee of another person if the individual's employer
4 pays no amount of money toward the individual's medical care insurance, for medical
5 care insurance for the individual, his or her spouse, and the individual's dependents,
6 calculated as follows:

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

16 b. From the amount calculated under subd. 34. a., subtract the amounts
17 deducted from gross income for medical care insurance in the calculation of federal
18 adjusted gross income.

19 c. For an individual who is a nonresident or part-year resident of this state,
20 multiply the amount calculated under subd. 34. a. or b., by a fraction the numerator
21 of which is the individual's wages, salary, tips, unearned income, and net earnings
22 from a trade or business that are taxable by this state and the denominator of which
23 is the individual's total wages, salary, tips, unearned income, and net earnings from
24 a trade or business. In this subd. 34. c., for married persons filing separately "wages,
25 salary, tips, unearned income, and net earnings from a trade or business" means the

1 separate wages, salary, tips, unearned income, and net earnings from a trade or
2 business of each spouse, and for married persons filing jointly “wages, salary, tips,
3 unearned income, and net earnings from a trade or business” means the total wages,
4 salary, tips, unearned income, and net earnings from a trade or business of both
5 spouses.

6 d. Reduce the amount calculated under subd. 34. a., b., or c. to the individual’s
7 aggregate wages, salary, tips, unearned income, and net earnings from a trade or
8 business that are taxable by this state.”.

9 **2.** Page 735, line 20: after that line insert:

10 “**SECTION 2148m.** 71.07 (5) (a) 15. of the statutes is amended to read:

11 71.07 (5) (a) 15. The amount claimed as a deduction for medical care insurance
12 under section 213 of the Internal Revenue Code that is exempt from taxation under
13 s. 71.05 (6) (b) 17. to 20. and 34. and the amount claimed as a deduction for a
14 long-term care insurance policy under section 213 (d) (1) (D) of the Internal Revenue
15 Code, as defined in section 7702B (b) of the Internal Revenue Code that is exempt
16 from taxation under s. 71.05 (6) (b) 26.”.

17 **3.** Page 1404, line 21: after that line insert:

18 “(9q) **INCOME TAX DEDUCTION FOR MEDICAL INSURANCE PREMIUMS.** The treatment
19 of section 71.07 (5) (a) 15. of the statutes first applies to taxable years beginning on
20 January 1, ~~2001~~ 2002.”.

21 (END)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb1791/2
MES:cjs:cmh

ARC:.....Hughes - AM114, Individual income tax deduction for medical insurance premiums

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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

16 b. From the amount calculated under subd. 34. a., subtract the amounts
17 deducted from gross income for medical care insurance in the calculation of federal
18 adjusted gross income.

19 c. For an individual who is a nonresident or part-year resident of this state,
20 multiply the amount calculated under subd. 34. a. or b., by a fraction the numerator
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1 separate wages, salary, tips, unearned income, and net earnings from a trade or
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