

**SENATE SUBSTITUTE AMENDMENT 1,
TO 2003 SENATE BILL 568**

May 19, 2004 – Offered by Senators DARLING and ROESSLER.

1 **AN ACT** *to create* 71.83 (1) (ce) and subchapter XVI of chapter 71 [precedes 71.98]
2 of the statutes; **relating to:** adopting federal law as it relates to health savings
3 accounts for state income and franchise tax purposes and providing a penalty.

Analysis by the Legislative Reference Bureau

This substitute amendment adopts, for state income and franchise tax purposes, section 1201 of Public Law 108–173 as it relates to claiming a deduction for an amount that a person pays into a health savings account. The substitute amendment first applies to taxable years beginning after December 31, 2004.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 **SECTION 1.** 71.83 (1) (ce) of the statutes is created to read:
5 71.83 (1) (ce) *Health savings accounts.* Any person who is liable for a penalty
6 for federal income tax purposes under section 223 (f) (4) of the Internal Revenue Code
7 is liable for a penalty equal to 33 percent of that penalty. The department of revenue

1 shall assess, levy, and collect the penalty under this paragraph as it assesses, levies,
2 and collects taxes under this chapter.

3 **SECTION 2.** Subchapter XVI of chapter 71 [precedes 71.98] of the statutes is
4 created to read:

5 **CHAPTER 71**

6 **SUBCHAPTER XVI**

7 **INTERNAL REVENUE CODE UPDATE**

8 **71.98 Internal Revenue Code update.** The following federal laws, to the
9 extent that they apply to the Internal Revenue Code, apply to this chapter:

10 **(1) HEALTH SAVINGS ACCOUNTS.** For taxable years beginning after December 31,
11 2004, section 1201 of P.L. 108–173, relating to health savings accounts.

12 **(END)**