

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

May 19, 2004 – Offered by Representative WASSERMAN.

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) 35. of the statutes; **relating to:** creating an individual income tax  
3 subtract modification for amounts spent on medical insurance premiums by  
4 certain individuals.

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

Under current law, there is an individual income tax deduction for 50 percent 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. For taxable years beginning after December 31, 2004, this bill increases the deduction to 100 percent 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 is employed by another person and if the individual's employer pays no amount of money toward the individual's medical care insurance.

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

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, 2005, 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 2.** 71.05 (6) (b) 35. of the statutes is created to read:

8           71.05 **(6)** (b) 35. For taxable years beginning after December 31, 2004, an  
9           amount paid by an individual who is the employee of another person if the  
10          individual’s employer pays no amount of money toward the individual’s medical care  
11          insurance, for medical care insurance for the individual, his or her spouse, and the  
12          individual’s dependents, calculated as follows:

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

22          b. From the amount calculated under subd. 35. a., subtract the amounts  
23          deducted from gross income for medical care insurance in the calculation of federal  
24          adjusted gross income.

1           c. For an individual who is a nonresident or part-year resident of this state,  
2 multiply the amount calculated under subd. 35. 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. 35. 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. 35. 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 35. 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, 2005.

25           **(END)**