



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

April 12, 2006

MEMORANDUM

To: Representative Gielow

Pamela J. Kahler, Sr. Legislative Attorney, (608) 266-2682

Subject: Technical Memorandum to **2005 AB-1140 by DOR** (LRB 05-2922/3)

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

April 11, 2006

TO: Pamela J. Kahler
Legislative Reference Bureau

FROM: Paul Ziegler
Department of Revenue

SUBJECT: Technical Memorandum on Assembly Bill 1140 – Creating a Private Health Insurance Purchasing Corporation of Wisconsin

The department has the following concerns related to the bill:

1. There appears to be a conflict with the amendment to sec. 40.51(1). This section provides that “health care benefits provided under this subchapter shall be in addition to health care benefits provided eligible employees under ch. 260.” Section 223(c), IRC, defines an eligible individual for purposes of the health savings account as any individual if (1) such individual is covered under a high deductible health plan, and (2) such individual is not, while covered under a high deductible plan, covered under any health plan which is not a high deductible health plan, and which provides coverage for any benefit which is covered under the high deductible health plan. If the intent is to change health care benefits for state employees, secs. 40.51, 40.52, and 40.53 require additional amendments.
2. The creation of sec. 71.98 is in conflict with current law. Section 71.98 adopts the provisions of section 1201 of P.L 108-173 for taxable years beginning on January 1, 2008. At the same time, the current definition of the Internal Revenue Code in sec. 71.01(6)(r) provides that for taxable years that begin after December 31, 2004, the provisions of sec. 1201 of P.L. 108-173 do not apply for Wisconsin. A new definition of “Internal Revenue Code” should be created in sec. 71.01(6)(r) for taxable years beginning on or after January 1, 2008.
3. There also appears to be a conflict with sec. 260.10(1)(b) and the federal Health Savings Account provision in sec. 223(b)(6), IRC. Section 260.10(b)1 provides a health savings account beginning in the year the eligible resident is 18 on January 1. However, sec. 223(b)(6), IRC, denies an account to anyone who is a dependent. A person who is 18 may still be a dependent of the parent if attending school or disabled.

If you have any questions regarding this technical memorandum, please contact Rebecca Boldt at 266-6785.

cc: Rep. Gielow
Rep. Richards