

2007 ASSEMBLY BILL 107

February 22, 2007 – Introduced by Representatives HAHN, MURTHA, HUEBSCH, ALBERS, BIES, KERKMAN, F. LASEE, LEMAHIEU, MEYER, MUSSER, NASS, A. OTT, OWENS, PETROWSKI, STONE, TOWNSEND, VOS, WOOD, ZIEGELBAUER, ZIPPERER, RHOADES, DAVIS and KAUFERT, cosponsored by Senators LEIBHAM, ROESSLER and DARLING. Referred to Committee on Insurance.

1 **AN ACT to create** 71.07 (6f) and 71.10 (4) (ce) of the statutes; **relating to:** creating
2 a nonrefundable individual income tax credit for certain medical care insurance
3 policy premiums.

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual income tax credit for amounts paid by a claimant for medical care insurance premiums for a policy that covers the claimant, the claimant's spouse, and the claimant's dependents. To be eligible for the credit, the claimant must be the employee of another person and the claimant's employer must pay part, but not all, of the costs of the claimant's medical care insurance. Because the credit is nonrefundable, it may be claimed only up to the amount of the claimant's tax liability.

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:

4 **SECTION 1.** 71.07 (6f) of the statutes is created to read:
5 71.07 **(6f)** HEALTH INSURANCE PREMIUM TAX CREDIT. (a) *Definitions.* In this
6 subsection:

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1 1. “Claimant” means an individual who is the employee of another person and
2 who claims a credit under this subsection.

3 2. “Medical care insurance” means a medical care insurance policy that covers
4 the individual, his or her spouse, and the individual’s dependents and provides
5 surgical, medical, hospital, major medical, or other health service coverage, and
6 includes payments made for medical care benefits under a self-insured plan, but
7 “medical care insurance” does not include hospital indemnity policies or policies with
8 ancillary benefits such as accident benefits or benefits for loss of income resulting
9 from a total or partial inability to work because of illness, sickness, or injury.

10 3. “Premium amount” means the amount of medical care insurance policy
11 premiums paid by a claimant in the taxable year to which a claim under this
12 subsection relates.

13 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
14 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
15 amount of those taxes, the claimant’s premium amount if the claimant’s employer
16 pays part, but not all, of the premiums on the claimant’s medical care insurance
17 policy.

18 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
19 is claimed within the time period under s. 71.75 (2).

20 2. For a claimant who is a nonresident or part-year resident of this state and
21 who is a single person or a married person filing a separate return, multiply the
22 credit for which the claimant is eligible under par. (b) by a fraction the numerator of
23 which is the individual’s Wisconsin adjusted gross income and the denominator of
24 which is the individual’s federal adjusted gross income. If a claimant is married and
25 files a joint return, and if the claimant or the claimant’s spouse, or both, are

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1 nonresidents or part-year residents of this state, multiply the credit for which the
2 claimant is eligible under par. (b) by a fraction the numerator of which is the couple's
3 joint Wisconsin adjusted gross income and the denominator of which is the couple's
4 joint federal adjusted gross income.

5 (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit
6 under that subsection, applies to the credit under this subsection.

7 **SECTION 2.** 71.10 (4) (ce) of the statutes is created to read:

8 71.10 (4) (ce) The health insurance premium tax credit under s. 71.07 (6f).

9 **SECTION 3. Initial applicability.**

10 (1) This act first applies to taxable years beginning on January 1 of the year
11 in which this subsection takes effect, except that if this subsection takes effect after
12 July 31 this act first applies to taxable years beginning on January 1 of the year
13 following the year in which this subsection takes effect.

14 (END)