

**2007 DRAFTING REQUEST**

**Assembly Substitute Amendment (ASA-AB(LRBx1603/1))**

Received: **02/20/2007**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Eugene Hahn (608) 266-3404**

By/Representing: **Mike**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Tax, Individual - dedct/sbtrct**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Hahn@legis.wisconsin.gov**

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Individual income tax deduction; health insurance premiums paid by employees whose employers pay part of premium

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**Instructions:**

Turn Rep. Hahn's credit into a subtract modification

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**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>
/?	mshovers 02/20/2007	jdye 02/21/2007		_____			
/1			jfrantze 02/21/2007	_____	mbarman 02/21/2007	mbarman 02/21/2007	

FE Sent For:

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ASA \_\_\_\_\_  
to  
2007 BILL \_\_\_\_\_  
Assembly

(LRB-1603/1)

Regen

(gen)

1 AN ACT *to create* 71.05 (6) (b) 39. of the statutes; **relating to:** creating an  
2 individual income tax subtract modification for medical care insurance costs  
3 paid by certain individuals who are employed by other persons.

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

Under current law, there is an individual income tax deduction for 100 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. Also under current law, a similar deduction exists for 100 percent of such amounts paid for a medical care insurance policy by a self-employed person. A similar deduction also exists under current law for approximately 33 percent of such amounts paid for a medical care insurance policy by a person who has no employer and no self-employment income, although this percentage will increase to 100 percent for taxable years beginning after December 31, 2008.

✓ substitute amendment

This ~~bill~~ creates an individual income tax deduction for 100 percent of the amount that is 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's employer pays a portion of the cost of the individual's policy.

~~Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.~~

**BILL**

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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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) 39. of the statutes is created to read:

2           71.05 (6) (b) 39. For taxable years beginning after December 31, 2006, an  
3 amount paid by an individual who is the employee of another person, if the  
4 individual's employer pays a portion of the cost of the individual's medical care  
5 insurance, for medical care insurance for the individual, his or her spouse, and the  
6 individual's dependents, 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. 39. 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. 39. a. or b., by a fraction the numerator  
21 of which is the individual's wages, salary, tips, unearned income, and net earnings

**BILL**

1 from a trade or business that are taxable by this state and the denominator of which  
2 is the individual's total wages, salary, tips, unearned income, and net earnings from  
3 a trade or business. In this subd. 39. c., for married persons filing separately "wages,  
4 salary, tips, unearned income, and net earnings from a trade or business" means the  
5 separate wages, salary, tips, unearned income, and net earnings from a trade or  
6 business of each spouse, and for married persons filing jointly "wages, salary, tips,  
7 unearned income, and net earnings from a trade or business" means the total wages,  
8 salary, tips, unearned income, and net earnings from a trade or business of both  
9 spouses.

10 d. Reduce the amount calculated under subd. 39. a., b., or c. to the individual's  
11 aggregate wages, salary, tips, unearned income, and net earnings from a trade or  
12 business that are taxable by this state.

13 (END)