

2007 DRAFTING REQUEST

Bill

Received: 01/22/2007

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Alberta Darling (608) 266-5830

By/Representing: Dave

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Tax, Individual - income credit

Extra Copies:

Submit via email: YES

Requester's email: Sen.Darling@legis.wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Nonrefundable individual income tax credit; health savings account contributions

Instructions:

Based on 2005 AB 4, SB 7, and 2007 LRB -1385

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 01/22/2007	jdyer 01/23/2007		_____			State
/1			rschluet 01/23/2007	_____	sbasford 01/23/2007	cduerst 01/23/2007 cduerst 01/23/2007	label printer error

FE Sent For:

@ Intro  
01-30-2007

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FE Sent For:

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-1627/1

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# 2007 BILL

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 amounts relating to  
 3 health savings accounts that may be deducted from, or are exempt from, federal  
 4 income taxes.

### *Analysis by the Legislative Reference Bureau*

Under current federal law, certain individuals may make tax-deductible contributions to health savings accounts and withdraw the money tax-free when needed to cover routine and preventive medical care.

Under this bill, an individual who makes contributions to such an account may claim a nonrefundable income tax credit for 6.5 percent of the allowable amount that the individual claims as a federal tax deduction for a contribution to a health savings account (HSA) or 6.5 percent of the federal tax-exempt earnings relating to an HSA, or both.

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:*

5 SECTION 1. 71.07 (6f) of the statutes is created to read:

**BILL**

1           71.07 (6f) HEALTH SAVINGS ACCOUNT TAX CREDIT. (a) *Definitions.* In this  
2 subsection:

3           1. "Claimant" means an individual who claims a deduction for a contribution  
4 to, or who claims federal tax-exempt earnings relating to, a health savings account  
5 under section 1201 of P.L. 108-173.

6           2. "Deduction amount" means the allowable amount of a deduction claimed on  
7 a claimant's federal income tax return for a contribution to a health savings account  
8 under section 1201 of P.L. 108-173, or federal tax-exempt earnings relating to a  
9 health savings account under section 1201 of P.L. 108-173, or both.

10           (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
11 claimant may claim as a credit against the tax imposed under s. 71.02, up to the  
12 amount of those taxes, 6.5 percent of the deduction amount claimed in the taxable  
13 year to which the claim under this subsection relates.

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

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

**BILL**

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

3 **SECTION 2.** 71.10 (4) (ce) <sup>X</sup> of the statutes is created to read:

4 71.10 (4) (ce) The health savings account tax credit under s. 71.07 (6f).

5 **SECTION 3. Initial applicability.**

6 (1) This act first applies to taxable years beginning on January 1 of the year  
7 in which this subsection takes effect, except that if this subsection takes effect after  
8 July 31 this act first applies to taxable years beginning on January 1 of the year  
9 following the year in which this subsection takes effect.

10 (END)



**Duerst, Christina**

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**From:** Volz, David  
**Sent:** Tuesday, January 23, 2007 10:28 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 07-1627/1 Topic: Nonrefundable individual income tax credit; health savings account contributions

Please Jacket LRB 07-1627/1 for the SENATE.