Fiscal Estimate - 2009 Session

	Original		Updated		Corrected		Sup	plemental
LRB	Number	09-0947/1		Intro	duction N	lumber	AB-00)74
Creatir accour	Description Creating a nonrefundable individual income tax credit for certain amounts relating to health savings accounts that may be deducted from, or are exempt from, federal income taxes							
Fiscal	Effect							
	No State Fisc Indeterminate Increase E Appropriat Decrease Appropriat Create Ne	e Existing ations Existing	☐ Increase E Revenues ☑ Decrease Revenues	s Existing	t	Increase Co to absorb wi \times\text{Yes} Decrease C	ithin agen s	be possible cy's budget
1 	Indeterminate 1.	e Costs sive	3. Increase Fory Permissive 4. Decrease	e Man Revenue	G idatory [e [ypes of Loc lovernment Towns Counties School Districts	Units Affe	ge Cities ers <u>0</u> CS
Fund Sources Affected Affected Ch. 20 Appropriations GPR FED PRO PRS SEG SEGS								
Agency	y/Prepared E	Ву	Auth	orized S	Signature			Date
DOR/ E	3radley Carut	th (608) 261-898	34 Rebe	cca Bolc	dt (608) 266-	-6785		3/2/2009

Fiscal Estimate Narratives DOR 3/2/2009

LRB Number 09-0947/1	Introduction Number AB-0074	Estimate Type	Original					
Description Creating a nonrefundable individual income tax credit for certain amounts relating to health savings accounts that may be deducted from, or are exempt from, federal income taxes								

Assumptions Used in Arriving at Fiscal Estimate

Under current federal law, individuals are allowed a deduction from federal gross income for amounts contributed during the taxable year to a health savings account (HSA). Earnings on the accounts are also tax-deductible, and account funds may be withdrawn tax-free when used to pay for routine and preventive medical care. Wisconsin has not adopted the federal treatment of HSAs.

This bill creates a nonrefundable individual income tax credit equal to 6.5% of the amount that the individual claims as a federal tax deduction for a contribution to a HSA or 6.5% of the federal tax exempt earnings related to a HSA or both.

The fiscal effect of the bill can be calculated based on past deductions claimed by Wisconsin residents and the Federal Joint Committee on Taxation's estimate of the growth in the federal fiscal impact of HSAs. Using this methodology, it is estimated that allowing a deduction for amounts contributed to HSAs will decrease revenue by \$11.2 million in fiscal year 2010, \$14.8 million in fiscal year 2011 and \$19.8 million in fiscal year 2012.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

	X	Original		Updated		Corrected		Supplemental
LF	RB	Number	09-0947	7/1	Intro	duction Nu	mber	AB-0074
Cre	eatin					certain amount federal income		o health savings
		time Costs lized fiscal (Impacts for	State and/o	^r Local Goveri	nment (do	not include in
11. /	Ann	ualized Cos	sts:			Annualized F	iscal Impa	act on funds from:
						Increased Cos	sts	Decreased Costs
Α.	Stat	e Costs by	Category					
	State	Operations	- Salaries ar	nd Fringes			\$	\$
	FTE	Position Ch	nanges)					
5	State	Operations	- Other Cost	S				
	_oca	l Assistance	<u> </u>					
\coprod	Aids	to Individual	ls or Organiza	ations				
Ш	TC	OTAL State	Costs by Ca	tegory			\$	\$
В.	Stat	e Costs by	Source of Fu	unds				
	GPR							
F	ED							
F	PRO	/PRS						
	SEG	/SEG-S						
			s - Complete c increase, d			l will increase ts.)	or decrea	ase state
L_						Increased Re	ev	Decreased Rev
\vdash		Taxes					\$	\$-14,800,000
\vdash		Earned						
	ED							
-		/PRS						
5		/SEG-S						
Ш	TC	OTAL State					\$	\$-14,800,000
				NET ANNUA	LIZED FISC	AL IMPACT		
						Sta	te	Local
NET CHANGE IN COSTS					\$	\$		
NET CHANGE IN REVENUE				\$-14,800,00	00	\$		
Ag	Agency/Prepared By Aut			Authorized	Signature		Date	
DOR/ Bradley Caruth (608) 261-8984 Re				Rebecca Bo	ebecca Boldt (608) 266-6785			