

Fiscal Estimate Narratives

DOR 3/2/2009

LRB Number	09-1344/1	Introduction Number	SB-045	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 Earnings on the accounts are also tax-deductible, and account funds may be withdrawn tax-free when used to pay for routine and preventive medical care.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

Original
 Updated
 Corrected
 Supplemental

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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			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$-14,800,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$-14,800,000	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-14,800,000	\$	
Agency/Prepared By		Authorized Signature	Date
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