



2009 SENATE BILL 425

December 15, 2009 - Introduced by Senators KREITLOW, SULLIVAN, VINEHOUT, HOLPERIN, LEHMAN, PLALE, TAYLOR, SCHULTZ and HANSEN, cosponsored by Representatives DEXTER, ZIGMUNT, CLARK, DANOU, FIELDS, HILGENBERG, HRAYCHUCK, HUBLER, JORGENSEN, MOLEPSKE JR., PASCH, SMITH, SOLETSKI, STASKUNAS, TURNER, A. WILLIAMS and ZIEGELBAUER. Referred to Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue.

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 (HSAs) 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 HSA 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 an HSA or 6.5 percent of the federal tax-exempt earnings relating to an HSA, or both. The credit may not be claimed, however, by a single person, head of household, or married person who files a separate return if the person's Wisconsin adjusted gross income (AGI) exceeds 500 percent of the federal poverty level, or AGI in excess of 500 percent of the federal poverty level in the case of a married couple who files a joint return. The bill first applies to taxable years beginning on January 1, 2011.

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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:

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

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

4 1. “Claimant” means an individual who claims a deduction for a contribution
5 to, or who claims federal tax-exempt earnings relating to, a health savings account
6 under section 223 of the Internal Revenue Code.

7 2. “Deduction amount” means the allowable amount of a deduction claimed on
8 a claimant’s federal income tax return for a contribution to a health savings account
9 under section 223 of the Internal Revenue Code, or federal tax-exempt earnings
10 relating to a health savings account under section 223 of the Internal Revenue Code.

11 3. “Poverty line” has the meaning given in s. 49.265 (1) (c).

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

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

18 2. For a claimant who is a nonresident or part-year resident of this state and
19 who is a single person or a married person filing a separate return, multiply the
20 credit for which the claimant is eligible under par. (b) by a fraction the numerator of
21 which is the individual’s Wisconsin adjusted gross income and the denominator of

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1 which is the individual's federal adjusted gross income. If a claimant is married and
2 files a joint return, and if the claimant or the claimant's spouse, or both, are
3 nonresidents or part-year residents of this state, multiply the credit for which the
4 claimant is eligible under par. (b) by a fraction the numerator of which is the couple's
5 joint Wisconsin adjusted gross income and the denominator of which is the couple's
6 joint federal adjusted gross income.

7 3. No individual or couple may claim the credit under this subsection if any of
8 the following applies:

9 a. For a single individual, head of household, or married person who files a
10 separate income tax return, his or her adjusted gross income is more than 500
11 percent of the federal poverty line.

12 b. For a married couple, who file a joint income tax return, their adjusted gross
13 income is more than 500 percent of the federal poverty line.

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

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

17 71.10 (4) (ce) The health savings account tax credit under s. 71.07 (6f).

18 **SECTION 3. Initial applicability.**

19 (1) This act first applies to taxable years beginning on January 1, 2011.

20 (END)