

2019 DRAFTING REQUEST

Bill

For: **Administration-Budget** Drafter: **elunder**
 By: **Quinn** Secondary Drafters:
 Date: **2/6/2019** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email:
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**
joseph.kreye@legis.wisconsin.gov
marc.shovers@legis.wisconsin.gov

Pre Topic:

DOA:.....Quinn, BB0292 -

Topic:

Medical care insurance subtraction for self-employed persons

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	elunder 2/6/2019	aernstr 2/8/2019			
/P1	elunder 2/17/2019	aernstr 2/18/2019	lparisi 2/8/2019		State
/P2			lparisi 2/18/2019		State

FE Sent For: **<END>**

Lunder, Erika

From: Hanaman, Cathlene
Sent: Wednesday, February 6, 2019 8:58 AM
To: Lunder, Erika; Shovers, Marc; Kreye, Joseph
Subject: FW: Statutory Language Drafting Request - 2019-21
Attachments: Medical Care Insurance for Self-Employed Persons Drafting Instructions.docx

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Tuesday, February 05, 2019 4:53 PM
To: Hanaman, Cathlene <Cathlene.Hanaman@legis.wisconsin.gov>
Cc: Ziegler, Paul - DOA <Paul2.Ziegler@wisconsin.gov>; Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Subject: Statutory Language Drafting Request - 2019-21

Biennial Budget: 2019-21

Topic: Medical Care Insurance Subtraction for Self-Employed Persons

Tracking Code: BB0292

SBO Team: TLGED

SBO Analyst: Quinn, Brian D - DOA
Phone: (608) 266-1923
E-mail: brian.quinn@wisconsin.gov

Agency Acronym: 566

Agency Number: 566

Priority: Medium

Intent:

See the attached files for modifications to the self-employment insurance subtraction for self-employed persons plus some clean-up provisions.

Attachments: True

Please send completed drafts to SBOStatlanguage@spmail.enterprise.wistate.us

Repeal sec. 71.05(6)(b)17., 18., 20., 36., 37., 39., 40., and 41.

Amend sec. 71.05(6)(b)19.c. and d. to read:

71.05 (6) (b) 19. c. For taxable years beginning before January 1, 2019, For for a person who is a nonresident or a part-year resident of this state, modify the amount calculated under subd. 19. b. by multiplying the amount by a fraction the numerator of which is the person's net earnings from a trade or business that are taxable by this state and the denominator of which is the person's total net earnings from a trade or business.

d. For taxable years beginning before January 1, 2019, Reduce reduce the amount calculated under subd. 19. b. or c. to the person's aggregate net earnings from a trade or business that are taxable by this state.

Create sec. 71.05(6)(b)19.cm. and dm. to read:

71.05 (6) (b) 19. cm. For taxable years beginning on or after January 1, 2019, for a person who is a nonresident or a part-year resident of this state, modify the amount calculated under subd. 19. b. by multiplying the amount by a fraction the numerator of which is the person's wages, salary, tips, unearned income, and net earnings from a trade or business that are taxable by this state and the denominator of which is the person's total wages, salary, tips, unearned income, and net earnings from a trade or business. In this subd., for married persons filing separately "wages, salary, tips, unearned income, and net earnings from a trade or business" means the separate wages, salary, tips, unearned income, and net earnings from a trade or business of each spouse, and for married persons filing jointly "wages, salary, tips, unearned income, and net earnings from a trade or business" means the total wages, salary, tips, unearned income, and net earnings from a trade or business of both spouses.

dm. For taxable years beginning on or after January 1, 2019, reduce the amount calculated under subd. 19.b. or cm. to the person's aggregate wages, salary, tips, unearned income, and net earnings from a trade or business that are taxable by this state.



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1823 (PI)
EKL:..
ahe

DOA:.....Quinn, BB0292 - Medical care insurance subtraction for self-employed persons

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

IN: 2/6
DUE: 2/8

SAV

no gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

This bill changes how nonresidents and part-year residents calculate the subtraction for medical care insurance premiums that self-employed individuals may claim for income tax purposes. Under current law, the subtraction is prorated based on the individual's share of income earned from a trade or business that is taxable in Wisconsin. Under the bill, the subtraction is prorated based on the individual's share of total income that is taxable in Wisconsin, not just the earnings from a trade or business. This bill also repeals several provisions that provided a subtraction for medical care insurance premiums but are no longer operable.

The

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.

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.** 71.05 (6) (b) 17. of the statutes is repealed.

2 ✕ **SECTION 2.** 71.05 (6) (b) 18. of the statutes is repealed.

3 ✕ **SECTION 3.** 71.05 (6) (b) 19. c. of the statutes is amended to read:

4 71.05 (6) (b) 19. c. For taxable years beginning before January 1, 2019, for a
5 person who is a nonresident or a part-year resident of this state, modify the amount
6 calculated under subd. 19. b. by multiplying the amount by a fraction the numerator
7 of which is the person's net earnings from a trade or business that are taxable by this
8 state and the denominator of which is the person's total net earnings from a trade
9 or business.

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32, 212, 232, 237; 2011 a. 260 ss. 80, 81; 2013 a. 19, 20, 128, 145; 2013 a. 166 s. 76; 2013 a. 173, 227; 2015 a. 55, 60, 84, 195; 2015 a. 197 s. 51; 2015 a. 216, 312; 2017 a. 17, 58, 59, 197, 231, 368.

10 ✕ **SECTION 4.** 71.05 (6) (b) 19. cm. of the statutes is created to read:

11 71.05 (6) (b) 19. cm. For taxable years beginning after December 31, 2018, for
12 a person who is a nonresident or a part-year resident of this state, modify the amount
13 calculated under subd. 19. b. by multiplying the amount by a fraction the numerator
14 of which is the person's wages, salary, tips, unearned income, and net earnings from
15 a trade or business that are taxable by this state and the denominator of which is the
16 person's total wages, salary, tips, unearned income, and net earnings from a trade
17 or business. In this subdivision, for married persons filing separately "wages, salary,
18 tips, unearned income, and net earnings from a trade or business" means the
19 separate wages, salary, tips, unearned income, and net earnings from a trade or
20 business of each spouse, and for married persons filing jointly "wages, salary, tips,
21 unearned income, and net earnings from a trade or business" means the total wages,
22 salary, tips, unearned income, and net earnings from a trade or business of both
23 spouses.

1 ~~X~~ **SECTION 5.** 71.05 (6) (b) 19. d. of the statutes is amended to read:

2 71.05 (6) (b) 19. d. ~~Reduce~~ For taxable years beginning before January 1, 2019,
3 reduce the amount calculated under subd. 19. b. or c. to the person's aggregate net
4 earnings from a trade or business that are taxable by this state.

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32, 212, 232, 237; 2011 a. 260 ss. 80, 81; 2013 a. 19, 20, 128, 145; 2013 a. 166 s. 76; 2013 a. 173, 227; 2015 a. 55, 60, 84, 195; 2015 a. 197 s. 51; 2015 a. 216, 312; 2017 a. 17, 58, 59, 197, 231, 368.

5 ~~X~~ **SECTION 6.** 71.05 (6) (b) 19. dm. of the statutes is created to read:

6 71.05 (6) (b) 19. dm. For taxable years beginning after December 31, 2018,
7 reduce the amount calculated under subd. 19. b. or ~~cm.~~ [✓] to the person's aggregate
8 wages, salary, tips, unearned income, and net earnings from a trade or business that
9 are taxable by this state.

10 ~~X~~ **SECTION 7.** 71.05 (6) (b) 20. of the statutes is repealed.

11 ~~X~~ **SECTION 8.** 71.05 (6) (b) 36. of the statutes is repealed.

12 ~~X~~ **SECTION 9.** 71.05 (6) (b) 37. of the statutes is repealed.

13 ~~X~~ **SECTION 10.** 71.05 (6) (b) 39. of the statutes is repealed.

14 ~~X~~ **SECTION 11.** 71.05 (6) (b) 40. of the statutes is repealed.

15 ~~X~~ **SECTION 12.** 71.05 (6) (b) 41. of the statutes is repealed.

16 ~~X~~ **SECTION 13.** 71.07 (5) (a) 15. of the statutes is amended to read:

17 71.07 (5) (a) 15. The amount claimed as a deduction for medical care insurance
18 under section 213 of the Internal Revenue Code that is exempt from taxation under
19 s. 71.05 (6) (b) ~~17. to 20.~~ [✓] 19., [✓] 35., [✓] 36., [✓] 37., [✓] 38., [✓] 39., [✓] 40., [✓] 41., and 42. and the amount
20 claimed as a deduction for a long-term care insurance policy under section 213 (d)
21 (1) (D) of the Internal Revenue Code, as defined in section 7702B (b) of the Internal
22 Revenue Code that is exempt from taxation under s. 71.05 (6) (b) 26.

Cross-reference: See also ch. HS 3, Wis. adm. code.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 337m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401;

SECTION 13

2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; 2013 a. 20, 54, 62, 116, 145; 2013 a. 166 s. 77; 2015 a. 55, 186; 2015 a. 197 s. 51; 2015 a. 237, 312; 2017 a. 58, 59, 176, 197; 2017 a. 364 ss. 11 to 13, 48; 2017 a. 365 s. 111; 2017 a. 366, 368; s. 13.92 (1) (bm) 2.; s. 35.17 correction in (9r) (j).

1

(END)

Lunder, Erika

From: Quinn, Brian D - DOA
Sent: Sunday, February 17, 2019 3:07 PM
To: Lunder, Erika
Subject: Medical Care Insurance Subtraction Effective Date - 1823/P1

Erika,

On this one, just a simple change.

We need to move the effective date to tax year 2020. I neglected to modify the original drafting request on this to match our decision on the issue.

Thanks.

Brian Quinn
Executive Policy and Budget Analyst - Advanced
Wisconsin Department of Administration
Division of Executive Budget and Finance
(608)-266-1923



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1823/P1

EKL:ahc

DOA:.....Quinn, BB0292 - Medical care insurance subtraction for self-employed persons

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

This bill changes how nonresidents and part-year residents calculate the subtraction for medical care insurance premiums that self-employed individuals may claim for income tax purposes. Under current law, the subtraction is prorated based on the individual's share of income earned from a trade or business that is taxable in Wisconsin. Under the bill, the subtraction is prorated based on the individual's share of total income that is taxable in Wisconsin, not just the earnings from a trade or business. The bill also repeals several provisions that provided a subtraction for medical care insurance premiums but are no longer operable.

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.

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. Modification to medical care insurance subtraction

1

1 **SECTION 1.** 71.05 (6) (b) 17. of the statutes is repealed.

2 **SECTION 2.** 71.05 (6) (b) 18. of the statutes is repealed.

3 **SECTION 3.** 71.05 (6) (b) 19. c. of the statutes is amended to read:

4 71.05 (6) (b) 19. c. For taxable years beginning before January 1, 2019, for a
5 person who is a nonresident or a part-year resident of this state, modify the amount
6 calculated under subd. 19. b. by multiplying the amount by a fraction the numerator
7 of which is the person's net earnings from a trade or business that are taxable by this
8 state and the denominator of which is the person's total net earnings from a trade
9 or business.

10 **SECTION 4.** 71.05 (6) (b) 19. cm. of the statutes is created to read:

11 71.05 (6) (b) 19. cm. For taxable years beginning after December 31, 2018, for
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13 calculated under subd. 19. b. by multiplying the amount by a fraction the numerator
14 of which is the person's wages, salary, tips, unearned income, and net earnings from
15 a trade or business that are taxable by this state and the denominator of which is the
16 person's total wages, salary, tips, unearned income, and net earnings from a trade
17 or business. In this subdivision, for married persons filing separately "wages, salary,
18 tips, unearned income, and net earnings from a trade or business" means the
19 separate wages, salary, tips, unearned income, and net earnings from a trade or
20 business of each spouse, and for married persons filing jointly "wages, salary, tips,
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2 reduce the amount calculated under subd. 19. b. or c. to the person's aggregate net
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11 SECTION 9. 71.05 (6) (b) 37. of the statutes is repealed.

12 SECTION 10. 71.05 (6) (b) 39. of the statutes is repealed.

13 SECTION 11. 71.05 (6) (b) 40. of the statutes is repealed.

14 SECTION 12. 71.05 (6) (b) 41. of the statutes is repealed.

15 SECTION 13. 71.07 (5) (a) 15. of the statutes is amended to read:

16 71.07 (5) (a) 15. The amount claimed as a deduction for medical care insurance
17 under section 213 of the Internal Revenue Code that is exempt from taxation under
18 s. 71.05 (6) (b) ~~17. to 20. 19., 35., 36., 37., 38., 39., 40., 41.,~~ and 42. and the amount
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20 (1) (D) of the Internal Revenue Code, as defined in section 7702B (b) of the Internal
21 Revenue Code that is exempt from taxation under s. 71.05 (6) (b) 26.

22 (END)



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1823/P2
EKL:ahe

DOA:.....Quinn, BB0292 - Medical care insurance subtraction for self-employed persons

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3 **SECTION 3.** 71.05 (6) (b) 19. c. of the statutes is amended to read:

4 71.05 **(6)** (b) 19. c. For taxable years beginning before January 1, 2020, for a
5 person who is a nonresident or a part-year resident of this state, modify the amount
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15 a trade or business that are taxable by this state and the denominator of which is the
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21 unearned income, and net earnings from a trade or business" means the total wages,

1 salary, tips, unearned income, and net earnings from a trade or business of both
2 spouses.

3 **SECTION 5.** 71.05 (6) (b) 19. d. of the statutes is amended to read:

4 71.05 (6) (b) 19. d. ~~Reduce~~ For taxable years beginning before January 1, 2020,
5 reduce the amount calculated under subd. 19. b. or c. to the person's aggregate net
6 earnings from a trade or business that are taxable by this state.

7 **SECTION 6.** 71.05 (6) (b) 19. dm. of the statutes is created to read:

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20 under section 213 of the Internal Revenue Code that is exempt from taxation under
21 s. 71.05 (6) (b) ~~17. to 20. 19., 35., 36., 37., 38., 39., 40., 41.,~~ and 42. and the amount
22 claimed as a deduction for a long-term care insurance policy under section 213 (d)
23 (1) (D) of the Internal Revenue Code, as defined in section 7702B (b) of the Internal
24 Revenue Code that is exempt from taxation under s. 71.05 (6) (b) 26.

25

(END)