



## 2005 ASSEMBLY BILL 4

January 13, 2005 - Introduced by Representatives KAUFERT, MOULTON, NISCHKE, HUNDERTMARK, WIECKERT, GIELOW, RHOADES, JENSEN, VOS, KERKMAN, OTT, VAN ROY, MCCORMICK, DAVIS, SUDER, AINSWORTH, NASS, STONE, FREESE, GUNDRUM, UNDERHEIM, HINES, PETROWSKI, GRONEMUS, ZIEGELBAUER, LOTHIAN, HUBLER, WARD, KESTELL, TOWNSEND, ALBERS, LEMAHIEU, J. FITZGERALD, OWENS, VRAKAS, MEYER, STRACHOTA, JESKEWITZ, KREIBICH, PETTIS, MUSSER, KLEEFISCH, TOWNS and VUKMIR, cosponsored by Senators DARLING, LEIBHAM, HARSDORF, KAPANKE, ZIEN, A. LASEE, STEPP, OLSEN, KANAVAS, ROESSLER, GROTHMAN and LAZICH. Referred to Joint Committee on Finance.

1     **AN ACT to create** 71.07 (6e) and 71.10 (4) (ce) of the statutes; **relating to:**  
2             creating a nonrefundable individual income tax credit for certain amounts  
3             relating to health savings accounts that may be deducted from, or are exempt  
4             from, federal income taxes.

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### *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.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

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

**ASSEMBLY BILL 4****SECTION 1**

1           71.07 (6e) 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.

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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) of the statutes is created to read:

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

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)