



## 2005 ASSEMBLY BILL 1

January 7, 2005 – Introduced by Representatives KAUFERT and NISCHKE. Referred to Committee on Insurance.

1     **AN ACT** *to amend* 20.866 (2) (xm); and *to create* 71.07 (6e) and 71.10 (4) (ce) of  
2     the statutes; **relating to:** refunding public debt that is used to finance  
3     tax-supported or self-amortizing facilities and creating a nonrefundable  
4     individual income tax credit for certain amounts relating to health savings  
5     accounts that may be deducted from, or are exempt from, federal income taxes.

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### *Analysis by the Legislative Reference Bureau*

#### **REFUNDING PUBLIC DEBT**

Currently, the state may contract public debt in an amount not to exceed \$440,000,000 to refund public debt used to finance tax-supported or self-amortizing facilities. The bill increases that amount to \$800,000,000.

#### **HEALTH SAVINGS ACCOUNTS**

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.

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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:*

1           **SECTION 1.** 20.866 (2) (xm) of the statutes is amended to read:

2           20.866 (2) (xm) *Building commission; refunding tax-supported and*  
3 *self-amortizing general obligation debt.* From the capital improvement fund, a sum  
4 sufficient to refund the whole or any part of any unpaid indebtedness used to finance  
5 tax-supported or self-amortizing facilities. In addition to the amount that may be  
6 contracted under par. (xe), the state may contract public debt in an amount not to  
7 exceed ~~\$440,000,000~~ \$800,000,000 for this purpose. Such indebtedness shall be  
8 construed to include any premium and interest payable with respect thereto. Debt  
9 incurred by this paragraph shall be repaid under the appropriations providing for  
10 the retirement of public debt incurred for tax-supported and self-amortizing  
11 facilities in proportional amounts to the purposes for which the debt was refinanced.  
12 No moneys may be expended under this paragraph unless the true interest costs to  
13 the state can be reduced by the expenditure.

14           **SECTION 2.** 71.07 (6e) of the statutes is created to read:

15           71.07 (6e) HEALTH SAVINGS ACCOUNT TAX CREDIT. (a) *Definitions.* In this  
16 subsection:

17           1. “Claimant” means an individual who claims a deduction for a contribution  
18 to, or who claims federal tax-exempt earnings relating to, a health savings account  
19 under section 1201 of P.L. 108–173.

20           2. “Deduction amount” means the allowable amount of a deduction claimed on  
21 a claimant’s federal income tax return for a contribution to a health savings account

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1 under section 1201 of P.L. 108-173, or federal tax-exempt earnings relating to a  
2 health savings account under section 1201 of P.L. 108-173, or both.

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

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

9 2. For a claimant who is a nonresident or part-year resident of this state and  
10 who is a single person or a married person filing a separate return, multiply the  
11 credit for which the claimant is eligible under par. (b) by a fraction the numerator of  
12 which is the individual's Wisconsin adjusted gross income and the denominator of  
13 which is the individual's federal adjusted gross income. If a claimant is married and  
14 files a joint return, and if the claimant or the claimant's spouse, or both, are  
15 nonresidents or part-year residents of this state, multiply the credit for which the  
16 claimant is eligible under par. (b) by a fraction the numerator of which is the couple's  
17 joint Wisconsin adjusted gross income and the denominator of which is the couple's  
18 joint federal adjusted gross income.

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

21 **SECTION 3.** 71.10 (4) (ce) of the statutes is created to read:

22 71.10 (4) (ce) The health savings account tax credit under s. 71.07 (6e).

23 **SECTION 4. Initial applicability.**

24 (1) This act first applies to taxable years beginning on January 1, 2005.

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(END)