



State of Wisconsin  
2005 - 2006 LEGISLATURE

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**SENATE SUBSTITUTE AMENDMENT 1,  
TO 2005 SENATE BILL 7**

January 20, 2005 – Offered by JOINT COMMITTEE ON FINANCE.

1 **AN ACT to create** 71.83 (1) (ce) and subchapter XVI of chapter 71 [precedes 71.98]  
2 of the statutes; **relating to:** adopting federal law as it relates to health savings  
3 accounts for state income and franchise tax purposes and providing a penalty.

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***Analysis by the Legislative Reference Bureau***

This substitute amendment adopts, for state income and franchise tax purposes, section 1201 of Public Law 108-173 as it relates to claiming a deduction for an amount that a person pays into a health savings account.

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

4 **SECTION 1.** 71.83 (1) (ce) of the statutes is created to read:  
5 71.83 (1) (ce) *Health savings accounts.* Any person who is liable for a penalty  
6 for federal income tax purposes under section 223 (f) (4) of the Internal Revenue Code  
7 is liable for a penalty equal to 33 percent of that penalty. The department of revenue

1 shall assess, levy, and collect the penalty under this paragraph as it assesses, levies,  
2 and collects taxes under this chapter.

3 **SECTION 2.** Subchapter XVI of chapter 71 [precedes 71.98] of the statutes is  
4 created to read:

5 **CHAPTER 71**

6 **SUBCHAPTER XVI**

7 **INTERNAL REVENUE CODE UPDATE**

8 **71.98 Internal Revenue Code update.** The following federal laws, to the  
9 extent that they apply to the Internal Revenue Code, apply to this chapter:

10 **(1) HEALTH SAVINGS ACCOUNTS.** Section 1201 of P.L. 108–173, relating to health  
11 savings accounts.

12 **SECTION 3. Initial applicability.**

13 (1) This act first applies to taxable years beginning on January 1 of the year  
14 in which this subsection takes effect, except that if this subsection takes effect after  
15 July 31 this act first applies to taxable years beginning on January 1 of the year  
16 following the year in which this subsection takes effect.

17 **(END)**