



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0746/P1
MES:kjf:jm

DOA:.....Quinn, BB0291 - Individual income tax health insurance subtract modification cannot include premium assistance credits under the Affordable Care Act

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, certain individuals may claim an income tax deduction for amounts paid for medical care insurance for the individual, his or her spouse, and his or her dependents. Under federal law, commonly known as the Patient Protection and Affordable Care Act (PPACA), beginning in 2014 certain individuals will be eligible to receive premium assistance in the form of federal tax credits to make it more affordable for such individuals to purchase medical care insurance.

This bill clarifies that the current state income tax deduction for medical care insurance may not be claimed for any amount that is paid for with a premium assistance credit under the PPACA.

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:

SECTION 1. 71.05 (6) (b) 19. a. of the statutes is amended to read:

71.05 (6) (b) 19. a. One hundred percent of the amount paid by the person for medical care insurance, not including any amount that is paid with a premium assistance credit amount under [26 USC 36B](#). In this subdivision, “medical care insurance” means a medical care insurance policy that covers the person, his or her spouse and the person’s dependents and provides surgical, medical, hospital, major medical or other health service coverage, and includes payments made for medical care benefits under a self-insured plan, but “medical care insurance” does not include hospital indemnity policies or policies with ancillary benefits such as accident benefits or benefits for loss of income resulting from a total or partial inability to work because of illness, sickness or injury.

SECTION 2. 71.05 (6) (b) 35. a. of the statutes is amended to read:

71.05 (6) (b) 35. a. One hundred percent of the amount paid by the individual for medical care insurance, not including any amount that is paid with a premium assistance credit amount under [26 USC 36B](#). In this subdivision, “medical care insurance” means a medical care insurance policy that covers the individual, his or her spouse, and the individual’s dependents and provides surgical, medical, hospital, major medical, or other health service coverage, and includes payments made for medical care benefits under a self-insured plan, but “medical care insurance” does not include hospital indemnity policies or policies with ancillary benefits such as

accident benefits or benefits for loss of income resulting from a total or partial inability to work because of illness, sickness, or injury.

SECTION 3. 71.05 (6) (b) 38. a. of the statutes is amended to read:

71.05 (6) (b) 38. a. One hundred percent of the amount paid by the individual for medical care insurance, not including any amount that is paid with a premium assistance credit amount under [26 USC 36B](#). In this subdivision, “medical care insurance” means a medical care insurance policy that covers the individual, his or her spouse, and the individual’s dependents and provides surgical, medical, hospital, major medical, or other health service coverage, and includes payments made for medical care benefits under a self-insured plan, but “medical care insurance” does not include hospital indemnity policies or policies with ancillary benefits such as accident benefits or benefits for loss of income resulting from a total or partial inability to work because of illness, sickness, or injury.

SECTION 4. 71.05 (6) (b) 42. a. of the statutes is amended to read:

71.05 (6) (b) 42. a. One hundred percent of the amount paid by the individual for medical care insurance, not including any amount that is paid with a premium assistance credit amount under [26 USC 36B](#). In this subdivision, “medical care insurance” means a medical care insurance policy that covers the individual, his or her spouse, and the individual’s dependents and provides surgical, medical, hospital, major medical, or other health service coverage, and includes payments made for medical care benefits under a self-insured plan, but “medical care insurance” does not include hospital indemnity policies or policies with ancillary benefits such as accident benefits or benefits for loss of income resulting from a total or partial inability to work because of illness, sickness, or injury.

SECTION 9337. Initial applicability; Revenue.

(1) HEALTH INSURANCE PREMIUM SUBTRACTION; PREMIUM ASSISTANCE CREDITS. The treatment of section 71.05 (6) (b) 19. a., 35. a., 38. a., and 42. a. of the statutes first applies to taxable years beginning after December 31, 2013.

(END)