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Senate Committee on Universities and Revenue  
Testimony on Assembly Bill 364

Good morning Chairman Macco and Committee Members,

Thank you for holding a public hearing on Assembly Bill 364, and thank you for you supporting this legislation. AB 364 adopts federal changes to the definition of a High Deductible Health Plan as they relate to income tax deductions allowable for Health Savings Accounts.

Earlier this year, in mid-March, a constituent reached out to my office stating that his disabled sons' tax refund was roughly \$400 dollars lower than the previous year. His research led him to discover that there is a discrepancy between Wisconsin State tax code and Federal tax code related to Health Savings Account income tax deductions.

When Congress passed the Federal Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020, an exception to High Deductible Health Plan (HDHP) qualification criteria was made to allow patients to use telehealth services during the COVID-19 pandemic. The exceptions made in CARES were then later extended in the Consolidated Appropriations Act (CAA) of 2022. While Wisconsin adopted the exceptions made in CARES for tax years 2020-2021, we did not adopt the extensions made in the CAA as it became law on March 15, 2022 after the state legislature's session had concluded.

As a result, some tax filers who were eligible for a Health Savings Account deduction on their federal tax return could NOT take that deduction on their state income tax return for 2022. This bill adopts the extensions made in CAA for Wisconsin for 2022 and 2023, allowing people who were affected by the discrepancy to amend their 2022 state tax returns.

Assembly Amendment 1 ensures that if there are more changes made to a HDHP definition at the federal level, Wisconsin tax code will automatically adopt those changes ensuring Wisconsin tax code is in conformity with federal tax code going forward.

Additionally, AB 364's companion SB 364, passed out of the Senate Revenue and Universities Committee and Joint Finance Committee unanimously.

This bill will ensure that Wisconsin tax code mirrors the federal Internal Revenue Code and will help all Wisconsinites enjoy the benefits of their Health Savings Accounts.

Thank you for your support on this bill. I am happy to answer any questions.